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Department of Corporations
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Office of Real Estate Appraisers
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Office of Traffic Safety
Department of Transportation

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

March 13, 2001

To Governor Davis and Members of the California Legislature:

It is with great pleasure that I send you the attached report: *Improving California's Transportation Project Delivery Through Better Information Management: AB 1012 Comprehensive Management Information System (MIS) Improvement Plan.*

Last year Governor Davis proposed and the Legislature approved an unprecedented investment of more than \$8 billion in critical transportation improvements throughout California to alleviate the growing transportation congestion that threatens California's economy and our quality of life. In making this investment, Governor Davis and the Legislature emphasized the need make efficient use of public funds, and to accelerate these transportation improvements. Governor Davis furthered this thought when he said "As some of you know, earlier this year, I signed Assembly Bill 1012 (by Assemblyman Tom Torlakson), a bill to cut through the red tape and accelerate transportation project delivery here in California."

This report represents a critical step toward this goal. The report identifies strategies to speed the delivery of transportation projects and improve accountability in the use of public funding through the use of management information systems. The connection between our information systems and transportation improvements is perhaps best captured in the vision statement developed by the AB 1012 MIS Advisory Committee: Sharing mission critical information among the transportation community will position California to maximize available funding and efficiently deliver transportation improvements to its' citizens.

This report is the result of work of a committee of distinguished members of California's diverse transportation community. I would like to recognize the hard work of the individuals who freely gave of their time and expertise to serve on the AB 1012 Management Information Systems Advisory Committee and Technical Subcommittee. The names of these dedicated individuals are listed in the appendices to the report. In particular, I would like to thank Senators Tom Torlakson and Betty Karnette for their leadership in sponsoring Assembly Bill 1012 when they were Chairs, respectively, of the Assembly and Senate Transportation Committees.

The successful and timely delivery of transportation projects requires continuous access to accurate information by Caltrans and its partners in local government and the private sector. Perhaps the most significant contribution of the Advisory Committee is the



delineation in the attached report of the most critical data needed by state and local transportation officials to more effectively manage transportation project delivery.

Beyond this listing of critical data elements, the Advisory Committee analyzed the capabilities and shortcomings of the information systems currently used by Caltrans and its partners. As might be expected, these current information systems do not fully meet the needs of the transportation community. The Advisory Committee developed a plan and process that will, over time, create a system that will meet these needs.

No one report can solve the many complex challenges facing California's transportation community as it strives to improve project delivery timeliness and cost effectiveness. The planning represented in this report provides the objectives and measuring devices, organizational structure, and estimated costs of moving forward. Key recommendations of the plan include:

1. Develop and deploy a universal transportation project identifier methodology suitable to all stakeholders;
2. Provide access to mission critical transportation project information by all transportation partners;
3. Conduct a high-level assessment of its information technology environment and develop an enterprise architecture and a strategy for its development;
4. Develop a data dictionary for informational elements necessary for the analysis of the veracity of ongoing transportation projects;
5. Deploy of a decision support system and operational convention among stakeholders; and,
6. Establish organizational entities responsible for managing relationships between stakeholders and responding to identified transportation management challenges.

I hope that you find this report useful as we strive to improve our transportation systems and in so doing improve the economic opportunities and quality of life for all Californians.

Sincerely,

A handwritten signature in black ink, appearing to read "Maria Contreras-Sweet", with a stylized, cursive script.

MARIA CONTRERAS-SWEET
Secretary

Improving California's Transportation Project Delivery Through Better Information Management

**AB 1012
COMPREHENSIVE
MANAGEMENT INFORMATION SYSTEM
PLAN**

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EXECUTIVE SUMMARY

To maintain California's robust economy and meet the mobility needs of our ever growing population, transportation improvements must be delivered to the public more quickly and efficiently. In signing AB 1012 into law, Governor Davis recognized the need to expedite the delivery of state and local transportation projects. This report establishes a blueprint that will help achieve this goal by improving management information systems utilized by the transportation community. The report is a result of work done by a committee of distinguished members of the state's most senior transportation and information technology executives and advisors.

The transportation community recognizes the trust that the taxpayers have placed upon them in the administration of transportation funds. With this trust comes the responsibility to deliver transportation improvements on time and within budget. Successful delivery requires partnership and collaboration among many participants. A key component to the delivery effort is the ability to universally define projects and access accurate and timely information for that project. The Advisory Committee examined what information is needed, who needs the information and what systems must be developed to ensure that the information is provided. As might be expected, the current information systems do not fully accommodate the needs of the transportation community.

The Advisory Committee developed a plan and process that will, over time, create a system that will support expedited project delivery, and provide greater accountability to the transportation community's ultimate customer, the traveling public.

The planning represented in this report provides the objectives and measuring devices, organizational structure, and estimated costs of moving forward. Key recommendations of the plan include:

1. a universal transportation project identifier methodology suitable to all stakeholders be developed and deployed;
2. access to mission critical transportation project information be made accessible as quickly as possible;
3. the transportation community conduct a high-level assessment of its information technology environment and develop an enterprise architecture and a strategy for its continued improvement;
4. the development of a data dictionary for informational elements necessary for the analysis of the veracity of ongoing transportation projects;
5. the deployment of a decision support system and operational convention among stakeholders; and,
6. the establishment of organizational entities responsible for managing relationships between stakeholders and responding to identified transportation management challenges.

The implementation of this plan can and should begin immediately. Several of the recommendations can be accomplished in the short term, and provide substantial benefits ahead of the entire plan being in place. In fact, what might be perceived as a relatively small item such as developing a common project identifier, can equate to substantial achievements in project delivery and the administration of funds. The issues of implementation funding for the plan should be resolved through the State's budget processes. The Advisory Committee believes that the monetary benefits of timely transportation project completion will compensate for the cost of implementation.

1 BACKGROUND

1.1. AB 1012

Assembly Bill 1012 was signed by the Governor in October 1999 and was chaptered in 1999 as an urgency measure. Among other things, the statute required the Secretary of Business, Transportation and Housing Agency to appoint a committee consisting of various city, county and state stakeholders, and for the committee to develop a plan for a management information system to improve transportation project monitoring and delivery. This report constitutes that plan.

1.2. Scope

Section 3 of AB 1012 details the Legislative scope of the Management Information Plan. Specifically the plan is required to address the following issues:

- ✓ *Improve project tracking and monitoring capabilities of transportation projects.*
- ✓ *Update Caltrans' information management systems to modern standards that reflect current public and private practices and technology.*
- ✓ *Closely monitor the use of federal transportation funds to ensure full and timely use of those funds.*
- ✓ *List the data that would be required to provide necessary project accountability and tracking, including, but not limited to, requirements for specific project identification, budgeting, scheduling, milestone reporting, expenditures, and progress reports.*
- ✓ *Develop protocols regarding input and maintenance of the system.*
- ✓ *Recommend improvements to the department's internal data management system that can be implemented in phases, complementing existing efforts within the department.*
- ✓ *Identify the anticipated costs of building and operating a project management MIS system and describe the appropriate procurement process.*
- ✓ *Develop a system designed to reflect the diverse constituency of agencies that may need access to the system, including, but not limited to, regional transportation planning agencies, self-help sales tax authorities, local cities and counties, transit districts, and other recipients of funds under the state transportation improvement program.*

These requirements are in addition to requirements of previous bills (e.g., SB 45), as well as requirements of other jurisdictions especially the federal government with regards to tracking of funds per project and within projects. (The texts of AB 1012 and SB 45 are contained in Appendices B and C.)

1.3. Plan Methodology

The Management Information System (MIS) Advisory Committee members were selected from a broad range of representative stakeholders including cities, counties, regional transportation organizations, and other stakeholders. The Committee established a working MIS Technical Subcommittee to carry out the necessary research and analysis. Assigned Caltrans staff further supported the committee. Appendix A contains a listing of the Advisory Committee members, Technical Subcommittee members, and the assigned support staff.

The Technical Subcommittee carried out an in-depth review of the business requirements of stakeholders relative to state transportation project management and funds management supportable by management information systems, a review of existing Caltrans management information systems, and an examination of industry best practices. As a result, the Advisory Committee established MIS needs for which alternatives and recommendations were developed. In addition to the Plan's development and consensus within the working committee members, drafts of the findings and plan were reviewed by stakeholders at large. Thus, this report and its findings are not the product of any one agency.

1.4 Plan Report Structure

The MIS Advisory Committee's findings as represented in this report are presented as follows:

Section 1	BACKGROUND
Section 2	BUSINESS PROCESS REQUIREMENTS
Section 3	BUSINESS GOALS AND OBJECTIVES
Section 4	MIS DEVELOPMENT PLAN
Appendices	A – Committee members
	B – Text of AB 1012
	C – Text of SB 45

2. BUSINESS PROCESS REQUIREMENTS

The California Department of Transportation works in partnership within a community of federal government, California regional and local agencies, and political subdivisions to develop, fund and deliver transportation projects. At any given time, the Department can be involved in as many as 3,000 to 4,000 projects in various stages of planning, arranging for funding, and implementation.

The following are the primary business process requirements of the transportation community.

2.1. The Transportation Community Requires a Universal Project Identifier Methodology

The status of capital transportation projects is tracked by various federal, state and local entities involved in the project's planning, programming¹, funding, and delivery. The California Department of Transportation, for example, has at least seven automated systems for tracking various aspects of a transportation project. Each of these systems uses a different project identifier methodology. There are over 500 stakeholder agencies tracking approximately 3,000 to 4,000 various transportation projects at any given time in California. The result is a labyrinth of record keeping making it difficult to monitor projects against the template of programmed commitments, i.e., cost against budget and status against schedule. The problems inherent in the current methodology are exacerbated when project scope, schedule, and funding change when individual projects are combined or a single project's components are split into separate projects. Splitting a project presents unique challenges if a requirement is to track it as a dependent of the original project.

Stakeholders routinely create their own project tracking systems using personal computer spreadsheet and relational database software applications in order to meet their own tracking requirements. The resulting plethora of tracking software applications and system architectures used by various agency subgroups for limited purposes has generated the community's inability to easily share information, or even communicate using the same project tracking reference points. Instead, communication is an exercise in converting languages, protocols, and system outputs in the face of data elements that are not reconciled. This is a recipe for frustration and misunderstanding within a community which sincerely wishes to work together in harmony to meet and exceed public transportation objectives.

A second challenge is compatibility. In addition to meeting the program needs of all potential stakeholder agencies in the development of a universal project identifier methodology, the result must be one that is not constrained by an agency's automated support system(s). In order to assure that a solution will be universally supportable, the abilities and limitations of all automated support system architectures for all potential stakeholders will have to be cataloged. Alternatives will need to consider these limitations and constraints by adapting to them or by working around them.

¹ The meaning of the word "programming" as used in the context, is a process wherein the various state and local participants in a transportation project define the project and arrange for its funding.

To overcome the challenges identified by Assembly Bill 1012, the Department of Transportation intends to develop a universal project identifier methodology. The project's mission will be to link all project specific information, from the information's source, in its historical context while meeting the requirements of all transportation project stakeholders. The department envisions the collateral establishment of supporting business rules acceptable to the community.

2.2. The Transportation Community Requires Access to Transportation Project Financial Information

Transportation project stakeholders need to be able to track the ongoing cost of a project to manage its delivery within budget and to assure that the project is adequately funded. The project must also be monitored to assure that it remains within its scope, schedule and cost as defined during programming. Additionally, each stakeholder with a vested fiduciary interest in the project has an independent fiscal monitoring responsibility to its constituency.

Currently transportation project partners, potentially as many of 500 of them, track expenditures on their own internal systems, in formats that vary from agency to agency to meet their own needs. This practice has grown out of the need of these agencies to automate. The result is confusion, frustration, and redundancy at great cost in both money and time.

Senate Bill 45 mandates that both the support costs² of the Department of Transportation and capital costs³ be accounted for and, where appropriate, such costs be debited against county shares for regional improvement projects and the overall interregional share for interregional projects. For state projects, the Department must track and report project expenditures for six Senate Bill 45 stipulated components:

1. Permits and environmental studies
2. Preparation of plans, specifications and estimates
3. Acquisition of right-of-way support
4. Construction
5. Construction management
6. Engineering

Political subdivisions of the state need this information as well, and need advance warning if the expenditures are likely to fall short of, or exceed, the funding amounts budgeted when the project was programmed.

In order to meet the requirements of Assembly Bill 1012, the Department must track obligation balances by region. This results directly from the Legislature's intent to provide

² Department of Transportation costs for resources expended on environmental studies, design, right-of-way acquisition and construction management.

³ Includes such things as payments to construction contractors, property owners for real property acquired, and utility companies for infrastructure relocation.

an incentive to the transportation community to improve its delivery of programmed transportation projects. Assembly Bill 1012 mandates that local agencies obligate certain funds within three years of their appropriation or risk losing them. Consequently, the agencies need to track the balances of appropriated funds against obligated funds to prevent such loss. The Commission and the Department monitor the same funds in the same manner but for a slightly different purpose. At risk funds can be used by the Commission when programming other projects...even transportation projects in other regions or for general state projects.

The Department's financial tracking systems contain information on the programmed, allocated and obligated amounts for each project. However, only limited information from the systems is available to the transportation community. And while expenditure information maintained in the Department's accounting system is updated on a daily basis for expenses paid, it is only updated on a weekly basis for labor, and only on a monthly basis for cost allocations. As a consequence, ultimate measurement criteria is available only monthly. The existence of multiple project identifiers renders the tracking of project costs against budget commitments extremely difficult. As a result, it is necessary to compile data from multiple systems in order to meet state and federal reporting mandates. The confusion imposed by disparate systems does not permit real time access to critical information.

The Department's systems also track the original programmed budget, changes to budget, and the current programmed budget. Again, this information is not available to other stakeholders, although the Department is planning improvements in these systems that will facilitate some information sharing. Finally, project managers require access to actual expenditures by work breakdown structure activities and resource on a near time basis when monitoring a project's progress.

2.3. The Transportation Community Requires Transportation Project Schedule Information

The transportation community must be able to compare project activities against the schedule established during the programming phase for those activities. Schedule adjustments may have an impact on cost in any of a myriad of ways.

Senate Bill 45 and Assembly Bill 1012 have established financial incentives for the timely completion of project phases and milestones, and potential consequences when not completed in a timely manner. Since the baseline schedule is interrelated to budget during programming, it is imperative that the interrelationship between schedule and budget be available for monitoring by partners to each transportation project. The objective is early diagnosis of project problems that may have deleterious scheduling and/or funding consequences so that the community can resolve them appropriately.

The Department of Transportation utilizes scheduling tools that allow project managers to continually forecast and optimally commit project resources. The Department accomplishes this, using "critical path" project management methodology. Linking the Department's automated scheduling tool with its timekeeping system generates timesheets and/or weekly

“to do lists” that specify the project tasks for which each employee is accountable. Entering task completion in the system will update the transportation project work plan schedule and provide real time alarms when there are inconsistencies. Critical path project management methodology is advocated because of the relationship certain tasks have with each other. Certain tasks cannot be started until others are finished; for example, paving cannot begin until the roadbed is prepared.

Currently, major milestone information is contained in the Department’s Programming, Local Assistance, and Capital Outlay database systems. Whenever the schedule changes, each of these systems must be updated appropriately. Because there is no single source for information updates, there is a consequent risk of developing inconsistent data from system to system. And because there is not a single source against which this information must reconcile, there is no protocol for reconciling inconsistent data when it is discovered. Currently, Departmental staff work around these problems by creating automated support and analysis tools resident on desk top computing resources with limited availability except as Internet and Intranet e-mail attachments in such off-the-shelf software applications as Excel,⁴ Access and FileMaker Pro.⁵

The Department is actively resolving the challenges presented in the provision of scheduling information and monitoring tools. In July 2000 the Department began development of the enterprise wide Project Resourcing and Scheduling Management system (PRSM). This tool, when completed, will include the abilities listed above. The Department anticipates that the successful implementation of PRSM will diagnose aberrant scheduling and provide decision support to project managers and their stakeholder partners for quick resolution. Statewide implementation of PRSM is expected by December 2002.

The transportation community must resolve the disparity between systems and the potential for inconsistent information contained therein by establishing an official source for such information elements. The community must also establish protocols for identifying and correcting existing inconsistencies.

2.4. The Transportation Community Requires Transportation Project Status Information

The Department of Transportation is continually engaged in between 3,000 to 4,000 projects. The Department has developed a standardized work breakdown structure that contains as many as 600 specific tasks per project.

Given the right set of automated tools, the Department and the transportation community have an opportunity to anticipate work fluctuations and identify scheduling opportunities which permit the use of resources in a way that will balance workload within and between projects. To take advantage of such opportunities, the Department requires access to resources and scheduling information that will permit access to real time tactical project detail not currently available. Key reporting characteristics for such a tool would include, in

⁴ A spreadsheet application.

⁵ Relational Database Management applications.

sufficient detail: percent of task complete, estimated date to be completed, resources freed as a result of completion, other commitments for resources, etc.

Additionally, the Commission has requested that the Department report on earned value to its business partners. This is a transportation industry standard measurement of project performance that compares the amount of work planned with that actually accomplished and measures cost and schedule performance for each project, and potentially for each task within a project.

Project managers do not currently have access to this kind of project status information. Indeed, project status reports are currently generated approximately every 45 days and are the product of condensing and extrapolating information from a variety of sources. These reports rely on even older data, effectively utilizing information that is two to three months old or older in current decision-making processes. The Department expects PRSM will be capable of providing the appropriate up-to-date/real time project status information when PRSM is implemented in December 2002. PRSM will only contain projects where the Department is the delivery agency.

2.5. The Transportation Community Requires Transportation Project Descriptive Information

At the time when a transportation project is scheduled for programming, the sponsoring agency supplies a description of the transportation problem and the benefits of resolution. From this description flows the goals, objectives and performance measurements for the project.

There are several descriptors commonly used to provide information about a project: i.e., the name of the project, including the highway number or the street name, a description of the improvements, and the project's location. The descriptors are commonly tied to known physical features of the geographical environment that can be identified on a map. However different stakeholders may use different descriptors for the same or for different parts of a project.

Issues arise when a project has not been adequately described. For example, current procedures do not always provide a clear understanding among all stakeholders of stakeholder roles and responsibilities. There is no protocol for identifying or resolving issues of misunderstanding between project participants.

Currently there is very little descriptive data resident in any automated project support system. What little exists, is contained in a number of disparate automated systems without the benefit of integration. Descriptive project information is currently only available in hard copy form such as the Project Initiation Document. Consequently, changes in scope, schedule, and funding, are not easily shared between project partners and stakeholders. The monitoring of inconsistencies and confusion that result when projects are modified, amended, and changed needs to be mitigated. There are currently no standardized formats for descriptive information. No current initiative within the transportation community is

addressing the development of descriptors, nor the monitoring of goals, objectives and performance measurements.

2.6. The Transportation Community Requires Historical Information on Transportation Projects

The use of information previously described as part of the continuum of the project through to its completion is necessary in order to make comparisons to the anticipated cost, scope, and scheduling information developed during the project's programming. The resulting project monitoring audit trail would provide an opportunity to analyze problem resolutions applied to project management challenges and to identify trends. It is the community's hope that such analysis will improve future performance and enhance project estimation activities during programming.

Because of limitations to existing systems, the transportation community is not able to effectively archive project data. As a consequence, historical data is not readily available for analysis and the transportation community is not able to improve the processes of planning and budgeting for transportation projects.

3. BUSINESS GOALS AND OBJECTIVES

As the Transportation Community moves forward to address the Business Requirements, it is imperative that all efforts be focused on meeting clearly defined business objectives. In addition to recommending these efforts be guided by the involved business entities, the AB 1012 Advisory Committee proposes the following guiding principles for achieving more efficient and timely project delivery.

Guiding Principles:

1. **Eliminate Duplicate Data Entry.** *Design systems so that data is entered at the source of the data, is entered only once, and is used in multiple applications within many organizations without the need to reenter the same data. This should be a requirement for all Department systems.*
2. **Maximize User Productivity.** *The user of the information system is the most critical element in the system. Design systems to maximize the productivity of the user based on the user's skill and function, requiring little training or computer literacy.*
3. **Empower Local Decision-Making.** *Design systems to provide information to local decision-makers and the public, thus empowering the end user.*
4. **Use Standard Development Methods.** *Use standard development approaches including standard analytic methods, standard developmental tools, standard applications, and software.*
5. **Use Portable Software.** *Develop systems so that software operates on a variety of platforms regardless of manufacturer or operating system. This facilitates selection of operating systems and hardware based on business needs, rather than based on software compatibility.*
6. **Assure Scalability and Interoperability.** *Applications should be capable of migrating to platforms of greater or lesser power and scope with no change to the underlying use of the application.*
7. **Assure Flexibility.** *A scalable physical architecture will provide for substitution or revisions without the need to redesign or significantly alter the architectural structure. In this way, elements can be added or subtracted and the system capability can grow without needing any architectural overhaul and without affecting normal operations.*

3.1. Goal: Develop and implement a universal project identifier methodology.

The difficulty of transportation project management is significantly increased by the lack of a universal project identifier methodology that serves all transportation community partners.

Objectives:

1. Develop a criterion for project identification that is acceptable to all stakeholders.

2. Minimize Impacts to existing stakeholders' processes and systems.

3.2. Goal: Provide the transportation community with online access to mission critical information.

Successful and swift completion of transportation projects is dependent upon the effective exchange of critical project information among all of a project's stakeholders.

Objectives:

1. Provide access to programming and delivery commitments.
2. Provide access to project descriptive information.
3. Provide stakeholder training on existing systems that provide federal, state and regional transportation improvement programs including programming commitments, amendments and Commission allocations.⁶

3.3. Goal: Conduct a high level assessment of the Department's existing information technology environment.

In order to develop a transportation management information system that will benefit all transportation community stakeholders, the system will need to be compatible with stakeholders' systems to the degree that necessary information can be automatically exchanged with minimal or no duplication, alteration, delays, errors or failures to communicate.

Objectives:

1. Catalog the Department's automated systems, including infrastructure by type and limitation.
2. Catalog all of the Department's system software and applications in use and/or in development.
3. Evaluate the functionality of software applications used in the Department's systems. Determine their ability to use, modify, effect, reconcile, organize and otherwise manipulate data elements relating to transportation projects.

3.4. Goal: Establish an Information Technology Policy.

The transportation community stakeholders have diverse project information needs and diverse systems supporting those needs. Nevertheless, community members are highly interdependent for necessary project management information. Yet, no overall information

⁶ The Advisory Committee recognizes that this information will initially only be available for state highway projects. The Advisory Committee advocates for the early expansion of information access to include non-state highway projects.

technology policy exists to support the information technology development and direction of the community.

Objectives:

1. Evaluate the transportation community's information technology environment for capabilities and needs, considering the objectives of information sharing relative to transportation projects.
2. Evaluate the actual use, and/or potential for use of stakeholder applications by other agencies and political subdivisions.
3. Evaluate each automated stakeholder system for consolidation and/or data integration.
4. Develop an Information Technology Policy that provides open standards for hardware, software and other elements of the transportation community infrastructure.
5. Develop an Information Technology Policy that reflects program objectives.

3.5. Goal: Taking an enterprise-wide view, analyze and map mission critical data.

Within the transportation community there exists a multiplicity of information systems and practices that capture, manipulate and exchange similar and dissimilar data that is critical to effective transportation project management. It is imperative that the information used has the same meaning and understanding throughout the transportation community and project development process.

Objectives:

1. Create a data dictionary.
2. Determine the flow of data between and among stakeholders.
3. Using a conventional mapping tool to determine how data elements are used, either as individual entities or in entity relationships, by stakeholders.
4. Establish a policy by which each data element is attributed to an official source as the owner of that data element, and responsibility for data entry is assigned to that owner.
5. Communicate policies created from number four above to all stakeholders.
6. Establish a policy to effectively eliminate duplicate storage of same data between and within systems by some date certain.
7. Support the policy articulated in number six above by providing stakeholder access to primary source data elements.

3.6. Goal: Deploy a Management Information System for use by all stakeholders.

AB 1012 recognized that California's transportation community stakeholders are dependent upon effective sharing of project information in order to complete projects in a timely manner and within the constraints of funding requirements. Therefore, the bill required that the MIS plan focus on developing and deploying a project Management Information System that will provide the transportation community with the decision support information and tools necessary for effective project management.

Objectives:

1. Determine business requirements, and the information required to achieve the goals and objectives.
2. Develop a data model including business rules and entity relationships.
3. Identify data sources, and gaps in available data versus needed data.
4. Extract and Convert Data.
5. Build the MIS Decision Support system.⁷
6. Implement and test a prototype system with feedback from stakeholders.
7. Provide Training to Stakeholders.
8. Ensure the MIS has the flexibility to meet evolving business needs and processes.

3.7. Goal: Improve systems that provide critical data to the Management Information System.

A MIS project management decision support system is only as useful as the data it contains. For that reason it is imperative that the data supplied is as accurate and timely as possible. Many sources of such data may require improvements, modifications or replacement if maximum effectiveness is to be assured.

Objectives:

1. Determine which applications need to be replaced, migrated or enhanced.
2. Schedule and implement replacement, migration, or enhancement.

⁷ The process by which a MIS for the transportation community is developed and implemented should be a multi-step and highly iterative one. The Advisory Committee has purposefully avoided making assumptions regarding an overriding architecture in favor of a more inclusive approach.

3.8. Goal: Establish a Steering Committee to define business requirements and examine initiatives to ensure they meet project delivery information needs.

Because California's transportation community is made up of diverse entities that include state, federal, county, city and regional partners, it will be important to ensure that the evolving project management information needs of the community as a whole are continually addressed. Therefore a transportation project management steering committee, comprised of members from the transportation community at large, should be formed to ensure that the MIS decision support system and corresponding project management policies, practices and information support systems of the stakeholders remain focused and effective.

Objectives:

1. Define the role of the Steering Committee.⁸
2. Designate an AB 1012 Implementation Manager with extensive program knowledge and experience.
3. Establish a selection criterion for members of the Advisory Committee.
4. Appoint members to the MIS Advisory Committee.

3.9. Goal: Establish an Information Technology Project Management Office within the Department of Transportation.

The California Department of Transportation is the lead agency for many of California's transportation projects and the funding/coordinating liaison for many others. As such, the department has the responsibility to assure that the information technology environment is supportive, and, new technology projects are developed in a timely manner with solutions that support the Department's core business of transportation project delivery.

Objectives:

1. Utilize the established Department of Transportation Capital Program's Project Management Office as a model. Key elements include: adoption of a proven industry standard project management process, standardized project development methodology, appropriate support staff, supporting organizational structure, tailored training program, continuous improvement process, and supporting project resource and schedule management tools.
2. Establish a program for cross-pollination of Project Management staff from the Capital Program to the Information Technology Program. This knowledge transfer will accelerate the improvement of project management skills, and increase the level of sensitivity in meeting the needs of the transportation community.

⁸ The advisory committee believes that the role of the steering committee should be to define detailed program requirements across all project delivery functions, examine current and future initiatives in the aggregate to ensure they meet project delivery information needs, and serve in an advisory capacity as the long-term transportation community MIS visionaries.

4. THE MANAGEMENT INFORMATION SYSTEM DEVELOPMENT PLAN

This Section represents the Advisory Committee's plan for developing the Management Information System anticipated by the Legislature in Assembly Bill 1012. In developing this plan, the Advisory Committee also developed the following vision statement:

Sharing mission critical information among the transportation community will position California to maximize available funding and efficiently deliver transportation improvements to its citizens.

The Committee strongly believes that as components of this plan develop, the accountability to the public and the efficiency of project delivery will also improve by ensuring that the entire transportation community is utilizing the same data concurrently. This includes project attributes, project schedule, and project cost.

The Advisory Committee determined that there are physical and technical challenges to the development of a management information system designed to operate within the parameters defined in the Bill. The Advisory Committee has also determined that these physical and technical challenges can be overcome through the use of processes and procedures which are well defined in state process and law. Specifically, the Advisory Committee believes that the management information system envisioned by the Legislature and articulated in Assembly Bill 1012 can be successfully designed and implemented as follows.

4.1. Develop and Implement a Universal Project Identifier Methodology

The Advisory Committee believes that the development of a standardized Universal Project Identifier Methodology is primary to facilitating access to transportation information by all potential stakeholders. A universal project identification methodology used by the transportation community in California will assure that all stakeholders access the same information for reference, monitoring and analysis. The development study itself is a precursor to actual MIS system design, since it must address information needs as well as automated support system limitations. The Committee also believes that establishing a mutually agreed upon universal project identification methodology will provide the building block for all subsequent components of the plan.

The Universal Project Identifier methodology should be in support of the major objectives of the transportation community, including:

1. Provide the transportation community with the ability to accurately track the status of projects from initial programming through expenditure.
2. Allow regions to monitor and adhere to timely use of fund provision deadlines and improve project delivery of local transportation project sponsors. Improve the processing time for project/funding requests. Reduce the time required for researching and reconciling project records, particularly between project stakeholder partners. Reduce multiple project listings, if feasible.

The Advisory Committee's preliminary estimate indicate that the development study to arrive at a standard project identification methodology that would effectively serve all transportation community stakeholders will cost approximately \$500,000.00. The Committee believes that the expense would be justified, particularly if the study included the cataloging of stakeholder hardware and software architectures and transportation tracking protocols and identification methodologies.

This Universal Project Identifier Methodology study is currently underway. Its scope, in the Statement of Work, includes the analysis, modeling and documentation of the following processes:

- Project initiation and tracking for Caltrans, sample California cities and counties, and other private entities
- Funding and tracking processes of sample Regional Transportation Planning Agencies (Raptor's)
- Funding and tracking processes used by the California Transportation Commission (CTC)
- Expenditure tracking process of DOT's Transportation Accounting Management System (TRAMS)

The study will result in recommendations and models for subsequent design and implementation, providing a foundation for:

- A new, integrated, flexible information resource based on a clear understanding of information requirements, expressed as new data structures.
- A better business process, and related information processing, derived from business models agreed upon between senior management, users and developers.
- Improved productivity within the various partners' Information Systems Departments, by clarifying basic concepts at senior management level and often simplifying requirements or removing redundant development effort.

The deliverables of the study include the following:

- A model of the data requirements to enable integrated information, expressed as an entity-relationship diagram (i.e. a model of what data is needed and by what entity);
- Data flows for the relevant business process(Es) utilizing a universal transportation project identifier, agreed upon by all stakeholders;
- Plan for future design and implementation;
- Diagrams showing design options for new system architecture; and
- A management report showing recommendations and tasks required creating a universal transportation project identifier, establishing business rules that could be implemented using relational database technology.

In addition to these deliverables, to enable the actual MIS system design, a high-level assessment of the existing information technology environment will also need to be performed. (See section 4.3 below.)

The Committee's preliminary estimate indicates the cost of implementing the identification methodology to be up to \$15,000,000. The exact cost and the resulting project schedule will be validated via an alternate procurement process. The Advisory Committee assumes that the study of the feasibility of various alternatives for implementing a standard Universal Project Identification Methodology will be articulated within the state's Feasibility Study Report and Budget Change Proposal processes. The Committee believes that the study can be successfully completed by the end of the current fiscal year, June 30, 2001.

4.2. Provide the Transportation Community with Online Access to Mission Critical Information

The Advisory Committee believes that the transportation community should have access to the specific programming and delivery commitments articulated at project inception. Programming commitments include the specific budget amounts for Senate Bill 45 components, Ready to List (RTL) date, and the Construction Contract Acceptance (CCA) date. The transportation community should also have an ability to access information regarding project milestones, thus permitting an opportunity for stakeholders to observe and comment on project progress.

The Committee points out that training will enable stakeholders to utilize, and better analyze, the information they access via applications providing federal, state and regional transportation improvement program data.

Finally, the Committee believes that an assessment should be made to determine if certain informational elements should be made available to the general public via the Internet, and if so, what that information should be and how it should be presented.

The objectives of providing such access would be:

1. To improve stakeholder knowledge of funding conditions.
2. To provide easy access to project information.
3. To provide stakeholders standardized training on a regular planned and programmed basis.
4. To reduce the time it takes to complete a project.
5. To establish accountability for transportation project delivery.
6. To reduce the time it takes to research and reconcile project records.

The Advisory Committee's preliminary estimate indicates that providing Internet web access to the information described above, in a way that meets the Department of Information Technologies' e-government standards, will cost between \$250,000 and \$500,000 to set up and approximately \$50,000 per year thereafter. The estimates include providing access to three different informational sources. There is no estimate on the cost of training.

The Committee believes that a pilot project could be started as quickly as June of this year. Full-scale implementation could be completed within six months after a successful test.

4.3. Conduct a High-level Assessment of the Existing Information Technology Environment.

The Advisory Committee strongly recommends a high-level assessment of the existing information technology infrastructure serving the transportation community. The assessment should focus on evaluating the functionality of the applications and hardware used, what organizations use the information and how it is accessed, how the architecture affects information, and how it responds to the needs of the stakeholder(s) being served. Applications should specifically be evaluated to determine their responsiveness to business needs, availability, functionality, usability and maintainability. Evaluations should concentrate on the efficacy of the applications from both a technology and business needs perspective.

The objectives of assessment would be to:

1. Evaluate the ability of system architectures and specific applications to meet the requirements of Assembly Bill 1012 and Senate bill 45.
2. Evaluate the needs of the regions and the State of California for specific informational detail, providing alternatives on how the information might best be accessed.
3. Determine and articulate opportunities for consolidating systems and/or integrating data.
4. As previously discussed, the transportation community should catalog its information technology assets and establish a logical map of its existing infrastructure including data elements, access media, and functionality.

The Advisory Committee's preliminary estimate indicates that the cost of conducting such a high-level assessment of the community's existing resources will cost approximately \$1,000,000. The Committee believes that to be truly effective and useful it will take about a year to complete the study, including data gathering, analysis, evaluation, alternative development and analysis, and recommendations.

The Advisory Committee believes that the study would be a first step in a process that would include the next two steps of the Management Information System Development Plan. As a consequence, the Committee suggests that a single vendor be considered to conduct the activities described therein.

4.4. Once the High-level Assessment of the Transportation Communities' Information Technology Assets is concluded, Establish an Enterprise Architectural Strategy which places a premium on capability, integration, and interoperability of systems.

The suggestion of a single systems architecture serving as many as 500 individual political entities with varying relationships on various transportation projects is intriguing to the Advisory Committee. A single systems architecture provides the obvious potential of elegantly resolving institutional and operational challenges affecting the transportation community...but not without risk.

The Advisory Committee believes that the risk of a single system architecture can be mitigated through the planned and programmed development of an architectural strategy after the evaluation of the transportation community's information technology assets and their relative performance. The strategy should be developed within a forum of appropriate transportation project stakeholders and serve to guide the identification, selection, use, and support of technologies including hardware, software and other elements of the consensual systems architecture.

Additionally, the strategy should ensure that decisions regarding architectural components, including data elements, continue to reflect the objectives established within the strategic plan.

The strategy must identify all policies affecting either information technology or program. Finally, the strategy must be flexible enough to include existing investments in information technology assets.

The objectives for conducting the strategic planning are to:

1. Ensure that the decisions regarding the acquisition or alteration of information technology goods and/or services fit within the established architectural strategy.
2. Provide a mutually acceptable to strategy providing a focus on the relationship and dependencies within the community between business needs, program needs, and information technology needs in a manner that provides consistent and relevant community support.
3. Provide a saving in the cost of disparate information technology systems providing decision and analytical support to various stakeholder constituents.
4. Improve communications between the various members of the community by providing a point of reference.

The Advisory Committee's preliminary estimate indicates that the cost of developing and maintaining the strategy will cost approximately \$500,000 per year. Included within this sum are four personnel years. The Committee assumes that the budget augmentation required would be more thoroughly justified through the state's Budget Change Proposal process.

4.5. Map and Analyze Mission Critical Data for Project Development

The Advisory Committee believes that informational data resident within the transportation community's information technology assets should be mapped. In this way, the community will know of the availability of informational elements, or lack thereof, its accessibility and uses. The mapping of such data elements within the transportation community enterprise has the added benefit of uncovering redundancy, thus making its elimination more achievable.

The Committee anticipates that a data dictionary would need to be created to provide the community with a reference for understanding data elements and their uses. The Committee anticipates the use of conventional mapping tools for this purpose. Finally, the Committee strongly recommends that data elements and their relationships within applications be debated against the business needs and mandated requirements they have been established to serve. Therefore, the objectives of mapping mission critical data are:

1. To identify duplicate data elements and duplicated effort.
2. To identify opportunities for improving the quality and timeliness of information.
3. To reduce the effort needed to research and reconcile data elements resident in disparate systems.
4. To establish accountability of the data elements involved in the transportation community's record keeping.
5. To reduce or eliminate redundant systems, data entry processes, and data elements.

The Advisory Committee's preliminary estimate indicates that the mapping and analysis of Mission Critical data elements within disparate systems will cost between \$750,000 and \$1,500,000 and take approximately one year to complete. The Committee has recommended that the high-level assessment of existing information technology assets be concluded prior to commencing data mapping. Since that project will take approximately one year, this phase of the development of a Management Information System would not be completed for approximately two years.

4.6. Deploy a Decision Support System

The Advisory Committee has determined that a Decision Support System (DSS) will facilitate timely project management decisions that includes key data elements. The process for building a DSS is a complicated, multi-step and highly iterative undertaking. Therefore the Committee recommends that the Department begin this project by designing a simple core application, demonstrating benefits, and developing a pilot that can then be used for a more complex system that addresses all necessary functional requirements. The first iteration would, conceptually, provide only minimal reporting capabilities. But as the DSS is linked to other systems containing useful data, the report generating capabilities would be increased. The objectives of deploying the Decision Support System are:

1. To establish a framework for continuous improvement of project management decision support.
2. To expedite access to project management data through a single universally understood method.
3. To provide a vehicle for ongoing improvement to reporting data throughout the Community.
4. To provide accountability for project delivery.
5. To improve capital outlay project management through the early identification and reconciliation of issues.

Development and implementation of the system from initial pilot through full system expansion should be planned in phases, with each phase achieving a major array of functionality. Key activities for building the Decision Support system will include determining the business requirements, developing a data model, identifying the data sources⁹, extracting and converting the data, building the decision support system, and training users.

The Committee's preliminary estimate indicates that the design and development, through the initial pilot phase will cost between \$1,000,000 to \$4,000,000, and will take twelve months. A range of costs is provided since a more accurate estimate will be provided through the state's Feasibility Study Reporting and Budget Change Proposal processes.

Associated and concurrent with the Decision Support System project will be the necessity to make improvements to, or replace, DSS supporting systems, i.e., systems that provide the necessary data to the DSS. The identification of these systems and the required improvements or replacements will be a key element of the DSS's project management. The actual enhancement, migration or replacement of systems will need to be undertaken as separate projects, independently assessed and funded, and in coordination with their system interdependencies and with their relationship to the development and implementation of DSS. These activities should take advantage of opportunities for potential consolidation and data integration. Whenever possible, replacements should be handled by commercial off-the-shelf applications. Costs for these system improvements or replacements will be determined on a per project basis as needs are identified. Feasibility Study Reports and associated BCPs will be used as necessary.

As a result of the data mapping and the determination of the requirements of the source data systems necessary for the DSS, the official system sources and data owners responsible for accurate and timely data entry and management will need to be identified.

The Committee views the Decision Support System project as an opportunity for continuous improvement of transportation project management functionality. As existing source systems are improved, the capability of the DSS will improve. DSS users will provide feedback to further define or refine program requirements. DSS performance will be

⁹ Data sources should be identified as described in report section 4.5, Map and Analyze Mission Critical Data.

measured and validated or system processes and practices modified as necessary. The Committee also anticipates that as opportunities for integrating DSS with other transportation partners' systems are examined, system improvements will result.

The improvement and integration of source data systems necessary for full DSS capability, and the continuous improvement of DSS through ongoing DSS usage and project management will assist the Community in the realization of the following benefits.

1. Elimination or reduction of duplicate storage of the same data.
2. Resolution of data integrity issues.
3. Improvement or elimination of outdated systems and procedures.
4. Improvement of data quality.
5. Leverage the capabilities of local systems and enhancements.
6. Provide for continuous improvement.
7. Provide accountability for project delivery
8. Improve project management through the early identification and reconciliation of transportation project management issues.

4.7. Establish an Assembly Bill 1012 Implementation Steering Committee

To assure that the interests of transportation stakeholders are represented during the study, planning and implementation phases of the development of a transportation community-wide Management Information System, the Advisory Committee advocates for the establishment of an Assembly Bill 1012 Implementation Steering Committee. The Business, Transportation and Housing Agency Secretary would appoint Steering Committee members who represent transportation project stakeholders.

The role of the Steering Committee is seen to be one of defining the detailed transportation project information requirements; assure that the needs of all transportation project participants for information are met; examine current and future initiatives in the aggregate to ensure that they meet project delivery information needs; and, serve in an advisory capacity as the long-term vision for a community-wide Management Information System is approached.

The objectives in establishing the Steering Committee are:

1. To establish meaningful and cooperative relationships with stakeholders.
2. To provide consistency in the manner in which transportation projects are programmed and delivered.
3. To provide consistency in the manner in which project advocates and stakeholder partners are treated.

4. To ensure that issues raised by a community member or constituent are addressed and timely resolved.
5. To establish a forum for the exchange of ideas and information.

The Advisory Committee's preliminary estimate indicates that the ongoing cost for a Steering Committee would be between \$100,000 and \$250,000 per year. This includes Agency and Department level costs.

4.8. Establish an Information Technology Management Office within the California Department of Transportation:

To maximize the opportunity for a successful implementation of a transportation project Management Information system serving all project stakeholders, the Advisory Committee advocates establishing an information technology focused Project Management Office within the Department of Transportation. This office would be given the responsibility for oversight of the phases of Management Information System development discussed within this report, coordination of and between stakeholders as the phases progress, and ultimately the implementation of migratory steps to a single systems architecture serving the transportation community. The Information Technology Project Management Office should use the Capital Program's Project Management Office as a model and look for cross-pollination opportunities.

The objectives in establishing such an office are:

1. The devotion of appropriate resources to effectively and consistently track and deliver project components.
2. The ability to coordinate various information technology projects wherein there is a beneficial effect resulting from the detailed knowledge of related projects, purpose and scope.
3. An assurance that state information technology policies and procedures are followed, and best practices are adhered to.

The Advisory Committee's preliminary estimate indicates that the cost of establishing a Project Management Office within the Department of Transportation will cost approximately \$500,000. The Committee's preliminary estimate indicates the ongoing annual costs to be between \$500,000 and \$2,500,000. Actual implementation and ongoing costs would be established through the state's Budget Change Proposal process. The Advisory Committee believes that, if approval is timely obtained from administration control agencies, the office could be established by June of this year.

AB 1012 MIS Advisory Committee

Maria Contreras-Sweet	Secretary, Business, Transportation and Housing Agency
Jim Beall	Supervisor, Santa Clara County
Elias Cortez	Director, Department of Information Technology
Brent Felker	Deputy Director, Project Development, Department of Transportation
Betty Karnette	California State Senator
Allen Lawrence	Commissioner, California Transportation Commission
Larry Magid	Deputy Secretary, Business, Transportation and Housing Agency
Shelley Mateo	Program Budget Manager, Department of Finance
Jeff Morales	Director, Department of Transportation
Miguel Pulido	Mayor City of Santa Ana
Bob Remen	Executive Director, California Transportation Commission
Ken Sulzer	Executive Director, San Diego Association of Governments
Tom Torlakson	California State Senator

AB 1012 MIS Technical Subcommittee

Larry Magid	Deputy Secretary, Business, Transportation and Housing Agency
Joyce Amerson	Transportation Manager, City of Santa Ana Public Works
Wally Baker	Vice President, Los Angeles Economic Development Corporation.
Tom Bertken	Vice President, Bechtel Infrastructure Corporation
Sue Bost	Principal Program Budget Analyst, Department of Finance
Robert Caravella	Divisional Vice President, Computer Associates
Elias Cortez	Director, Department of Information Technology
Chuck Coulson	Executive Director, Oracle Services Industries Exchange Team
Mary Lou Gusman-Davis	Infrastructure Section Manager, Department of Information Technology
Dean Delgado	Principal Transportation Analyst, Orange County Transportation Authority
Brent Felker	Deputy Director, Project Development Department of Transportation
Gary Gallegos	District Director, District 11, Department of Transportation
Dan Grimm	System Engineer Manager, Compaq
Roy Hernandez	President and CEO, ThirdWave Corporation
Debbie Leibrock	Chief, Technology Investment Review Unit, Department of Finance
Dennis Martinez	Senior Project Manager, Parsons Brinckerhoff
Shelly Mateo	Program Budget Manager, Department of Finance
Therese McMillan	Manger, Funding and External Affairs, Metropolitan Transportation Commission
George Pla	President and CEO, Cordoba Corporation
Bob Remen	Executive Director, California Transportation Commission

Caltrans Core Team

Mark Rayback	Chief, Office of Project Management Systems Implementations
Jill Meyers	Office of Project Management Systems Implementations
Patti-Jo Dickinson	Office of Project Management Systems Implementations

APPENDIX B – TEXT OF AB 1012

This appendix contains the entire text of AB1012, including the Legislative Counsel's Digest. Portions specific to the MIS Plan are Section 1(a)(10), Section 1(b) and all of Section 3, which are highlighted in **bold**.

BILL NUMBER: AB 1012 CHAPTERED

BILL TEXT

CHAPTER 783

FILED WITH SECRETARY OF STATE OCTOBER 10, 1999

APPROVED BY GOVERNOR OCTOBER 7, 1999

PASSED THE ASSEMBLY SEPTEMBER 10, 1999

PASSED THE SENATE SEPTEMBER 8, 1999

AMENDED IN SENATE SEPTEMBER 3, 1999

AMENDED IN SENATE AUGUST 25, 1999

AMENDED IN SENATE AUGUST 16, 1999

AMENDED IN SENATE JULY 12, 1999

AMENDED IN ASSEMBLY MAY 28, 1999

AMENDED IN ASSEMBLY APRIL 27, 1999

AMENDED IN ASSEMBLY APRIL 8, 1999

INTRODUCED BY Assembly Member Torlakson
(Coauthor: Senator Burton)

FEBRUARY 25, 1999

An act to add Sections 14053, 14529.01, 14529.3, 14529.6, and 14529.11 to, and to add and repeal Section 14007.5 of, the Government Code, and to amend Sections 182.6 and 182.7 of the Streets and Highways Code, relating to highways, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1012, Torlakson. Transportation: project delivery: funding.

(1) Existing law generally authorizes the Department of Transportation to plan, design, construct, operate, and maintain those transportation systems that the Legislature has made, or may make, the responsibility of the department.

This bill would require the Director of Transportation, until June 30, 2003, to establish 4 transportation project delivery advisory teams in certain regional districts of the department to assist expeditious delivery of transportation projects. Each team would include, at a minimum, the regional district director, the executive director of each agency responsible for approval of each county's submission to the state transportation improvement program, the executive director of the regional or metropolitan transportation planning organization in the regional district, and other

members, to be nominated by the entities to be represented not later than a specified date. The bill would require each team to provide a report identifying how transportation project delivery could be accelerated by changes in federal, departmental, regional, or local agency programs or procedures, changes in federal, state, or local law, or any other strategies that could be taken to accelerate implementation of transportation improvements. The bill would require the report to be submitted not later than a specified date to the Governor, the Legislature, and specified other persons.

The bill would require the department to provide staff support for a management information system committee consisting of representatives of the department, the California Transportation Commission, the Department of Information Technology, counties, cities, the agencies responsible for approving each county's submission to the state transportation improvement program, and the designated, multicounty regional transportation planning agencies. The bill would require the committee to develop a plan for a management information system for project monitoring and project delivery purposes. The department would be required to submit the plan to the Governor and Legislature not later than a specified date.

(2) Existing law prescribes a 4-year process for estimating the amount of state and federal funds to be available for transportation projects in the state, and for appropriating and allocating the available funds to those projects.

This bill would add an advance project development element to that process.

(3) Existing law authorizes the department, upon the application of the governing authority of any county, city, or other governmental agency, to perform certain work relating to highways for that authority or agency and accept moneys for that work for deposit in the Treasury to the credit of any state fund that the department designates.

This bill would require that funds received by the department as reimbursement for any work performed by the department under contract or other agreement for any local agency or entity or for any other state agency or state entity, as specified, be deposited in the Transportation Reimbursable Work Account which the bill would create in the State Transportation Fund.

The bill would continuously appropriate the money in the account to the department for the purpose of funding the performance of reimbursable work by the department.

The bill would prohibit the department from making expenditures from the account unless the department has determined that it has sufficient resources to complete both the reimbursable project and all projects under the state transportation improvement program in a timely manner.

(4) Existing law requires the funds in the State Highway Account in the State Transportation Fund to be programmed, budgeted, and expended to maximize the use of federal funds based on a specified sequence of priorities. Existing law also requires state operations expenditure amounts of the department for interregional and regional transportation improvement projects to be listed as specified, but states that those amounts, other than those for the acquisition of right-of-way and construction, shall not be subject to allocation by the commission.

Existing law also authorizes a local jurisdiction to advance a project included in the state transportation improvement program to an earlier fiscal year through the use of its own funds. Under these provisions, existing law authorizes a local agency to enter into an agreement with the appropriate transportation planning agency, the department, and the commission to use its own funds to develop, purchase right-of-way for, and construct a transportation project within its jurisdiction if the project is one that is included in the adopted state transportation improvement program, funded as specified, and pursuant to specified requirements.

This bill would also authorize the commission to advance unallocated funds in the State Highway Account, in the form of loans, to transportation planning agencies, county transportation commissions, transit districts, and local transportation authorities for the advancement of projects eligible under the state transportation improvement program that are included within an adopted regional transportation plan. Thus, by making money in the State Highway Account available for a new purpose, the bill would make an appropriation. The bill also would set forth procedures

governing the advancing of these funds and would require the commission to adopt guidelines and procedures governing these provisions not later than specified dates.

The bill would require the commission to begin operation of the loan program not later than a specified date.

(5) Existing law prohibits projects from being included in the interregional transportation improvement program or a regional transportation improvement program without a complete project study report or a major investment study. Projects included in those transportation improvement programs are considered for incorporation in the state transportation improvement program.

This bill would require the commission to adopt, not later than January 30, 2000, guidelines for a process to expedite compliance with the requirement that a project study report be prepared in order for a project to be considered for inclusion in the state transportation improvement program, as specified.

(6) Existing law requires that all federal and state funds to be allocated by the commission be programmed in accordance with certain formulas.

This bill would require the department to be responsible for closely monitoring the use of federal transportation funds and would provide procedures for monitoring the use of those funds.

(7) The bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) The voters at the November 3, 1998, general election passed Proposition 2 to stop future diversion of transportation funds for nontransportation purposes by a 75 percent majority vote, thus indicating overwhelming support for using these funds on needed transportation improvements.

(2) In all of the history of the State Highway Account, in the State Transportation Fund, which is more than 60 years, the cash balance has averaged under five hundred million dollars (\$500,000,000).

(3) As of January 1, 1999, the cash balance in the State Highway Account is more than one billion eight hundred million dollars (\$1,800,000,000).

(4) There are numerous reasons for this large cash balance.

(5) The people of California who pay for and are dependent on this state's transportation system expect their tax funds to be put to work building, operating, rehabilitating, and maintaining the transportation system.

(6) The people of California do not expect their tax funds to remain deposited in the State Highway Account for years after being collected, where they provide no transportation benefits.

(7) State and local transportation needs are increasing at an accelerating rate as the overall highway and transit system continues to deteriorate rapidly with age, exacerbated by numerous weather, earthquake, and other ravages.

(8) As the state's economy continues its recovery since the mid-1990's, more and more pressure has been put on the transportation system by commerce and the increase in commuter traffic.

(9) The Department of Finance projects another 20 to 25 percent increase in the population that will be trying to use California's already overburdened transportation system over the next 20 years.

(10) In order to bring this cash balance down to a reasonable level, the Department of Transportation needs to update its information management systems to modern standards that reflect current public and private practices and technology.

(11) The Department of Transportation, the California Transportation Commission, regional transportation planning agencies, local transportation commissions, city and county governments,

local transit agencies, statewide labor organizations, and businesses and agricultural employers all agree that this cash balance must be used for high priority transportation needs as soon as possible.

(b) Accordingly, it is the intent of the Legislature, by the enactment of this act, to expedite the use of the excessively large cash balance in the State Highway Account and to direct the California Transportation Commission and Department of Transportation to accomplish the tasks necessary to put these taxpayer funds to work at the earliest possible time on needed transportation improvements.

SEC. 2. Section 14007.5 is added to the Government Code, to read:

14007.5. (a) For purposes of this section, "district" means a numbered district of the department.

(b) The director shall establish four transportation project delivery advisory teams, two in northern California districts and two in southern California districts, to assist expeditious delivery of state and local transportation projects. One of the districts selected for the advisory teams shall include a county that has a population of less than one million persons, and another selected district shall include a county that has a population of less than 750,000 persons.

(c) Each team shall include, at a minimum, all of the following members:

(1) The regional district director.

(2) The executive director of each agency responsible for approval of each county's submission to the state transportation improvement program.

(3) The executive director of the regional or metropolitan transportation planning organization in the regional district.

(4) The following members shall be nominated by the entities to be represented not later than 60 days after enactment of the act that added this section to the Government Code during the 1999-2000 Regular Session, as follows:

(A) A member representing the local transit districts. In districts with a population of more than one million persons, there shall be two members, one from a local bus operator and one from a regional rail operator.

(B) A member representing the cities in the regional district. This member shall be a city public works director, chosen by the City Selection Committee. In regional districts with populations of more than one million persons, there shall be two members, one from cities with populations of less than 100,000 persons and one from cities with populations of 100,000 persons or more.

(C) A member who shall be a county public works director, chosen by the counties in the regional district.

(D) A member representing the state employee union representing the department's engineering and professional employees responsible for project delivery functions, chosen by the Professional Engineers in California Government.

(E) A member representing the private construction trade unions, jointly nominated by the Laborers and Operating Engineers unions.

(F) A member of an association that represents private employers, selected by the director, in consultation with the business groups in the district.

(d) In addition to the members listed under subdivision (c), the regional district director shall invite a representative from the federal Department of Transportation to attend meetings of the advisory teams. The project delivery advisory teams shall hold their initial meeting not later than 90 days after enactment of the act that added this section to the Government Code during the 1999-2000 Regular Session.

(e) Staff support for the project delivery teams shall be made available by the department and the local agencies responsible for submissions to the regional transportation improvement program and the state transportation improvement program.

(f) The district director shall act as team coordinator of each project delivery team for the purpose of setting meetings, making announcements, producing written materials, and providing logistics.

(g) All financial support of the project delivery teams shall be made available from existing planning, programming, and design resources, and other resources currently available to team members.

(h) (1) Notwithstanding Section 7550.5, each project delivery advisory team shall complete reports identifying how transportation project delivery could be significantly accelerated through any or all of the following:

(A) Changes in federal, departmental, regional, or local agency programs, organization, staffing levels, procedures, guidelines or any other actions relating to operation of those agencies.

(B) Changes in local, state, or federal law, procedures, regulations, or guidelines.

(C) Granting of new authority with the intent of accelerating project delivery.

(D) Any other new, creative strategies that could reasonably be taken on a regional district or statewide basis to accelerate implementation of needed transportation improvements.

(2) Each project delivery advisory team, within 180 days after its initial meeting, shall deliver copies of its final report to the Governor, the secretary, the director, the chairperson of the commission, and the Chairperson of the Transportation Policy Committees of both houses of the Legislature. One report shall be provided to each of the state legislators representing the regional district.

(i) This section shall become inoperative on June 30, 2003, and, as of January 1, 2004, is repealed, unless a later enacted statute, which is enacted before January 1, 2004, deletes or extends the dates on which it becomes inoperative or is repealed.

SEC. 3. Section 14053 is added to the Government Code, to read:

14053. (a) It is the intent of the Legislature, in enacting this section, to establish an advisory body that, among other things, develops recommendations on ways to upgrade and modernize the data automation system within the department in a manner that enables the department to track the status of specific transportation projects and closely monitor the use of federal transportation funds, and includes other features that foster efficiencies in the delivery of transportation projects in this state. It is the intent of the Legislature that the advisory body established under this section develop a plan that focuses on ways to complement existing efforts within the department to upgrade the department's internal data automation system.

(b) (1) The department shall provide staff support for a management information system committee.

(2) The secretary shall designate the chairperson of the committee and shall appoint representatives to the committee from all of the following:

(A) The commission.

(B) The Department of Information Technology.

(C) Counties.

(D) Cities.

(E) Agencies responsible for approving each county's submission to the state transportation improvement program.

(F) Designated, multicounty regional transportation planning agencies.

(G) The department.

(3) The committee shall develop a plan for a management information system for project monitoring and project delivery purposes. The plan shall specifically deal with the issue of closely monitoring the use of federal transportation funds, including, but not limited to, those funds that are made available through the federal Regional Surface Transportation Program and the federal Congestion Management and Air Quality program to ensure full and timely use of those funds under subdivision (i) of Section 182.6 of, and subdivision (f) of Section 182.7 of, the Streets and Highways Code. The committee shall consider developing all of the following:

(A) A report listing the data that would be required to provide necessary project accountability and tracking, including, but not limited to, requirements for specific project identification, budgeting, scheduling, milestone reporting, expenditures, and progress reports.

(B) A report on the anticipated costs of building and operating the system.

(C) A description of an appropriate procurement process.

(D) Any other information necessary for anticipating and effectively managing project delivery issues in an expeditious manner.

(c) The committee shall examine the feasibility of developing a system designed to reflect the diverse constituency of agencies that may need access to the system, including, but not limited to, regional transportation planning agencies, self-help sales tax authorities, local cities and counties, transit districts, and other recipients of funds under the state transportation improvement program.

(d) The committee shall consider one or more models for implementing the system in each county or region of the state. The model shall be appropriate for use in rural or urban districts.

(e) The plan shall contain recommendations for improvements to the department's internal data management system that can be implemented in phases. The first phase of the plan shall include recommendations on ways to improve project tracking capability. The plan shall also provide for development by the department of protocols regarding input and maintenance of the management information system.

(f) (1) Not later than March 31, 2000, the department shall submit to the Governor and the Legislature a progress report regarding current efforts by the department to improve its management information system capability and regarding development of the plan. The report shall include, but need not be limited to, an estimated completion date for the comprehensive data management system and a timetable for the interim steps that the department will take to provide the information necessary to satisfy the project monitoring requirements under Chapter 622 of the Statutes of 1997 and under the federal Transportation Equity Act for the 21st Century (Public Law 105-178) until the comprehensive data management system is operational.

(2) Not later than October 1, 2000, a draft of the plan shall be circulated to interested parties for review and comment.

(3) Not later than February 1, 2001, the committee shall submit the final plan to the Legislature.

SEC. 4. Section 14529.01 is added to the Government Code, to read:

14529.01. (a) It is the intent of the Legislature to facilitate project development work on needed transportation projects to produce a steady flow of construction projects by adding an advance project development element to the state transportation improvement program, beginning with the 2000 State Transportation Improvement Program.

(b) The advance project development element shall include only project development activities for projects that are eligible for inclusion in a state transportation improvement program.

(c) The fund estimate for each state transportation improvement program shall designate an amount to be available for the advance project development element, which shall be not more than 25 percent of the programmable resources estimated to be available for the first and second years following the period of the state transportation improvement program, subject to the formulas in Sections 164, 188 and 188.8 of the Streets and Highways Code.

(d) The department, transportation planning agencies, and county transportation commissions may nominate projects to the commission for inclusion in the advance project development element through submission of the regional transportation improvement program and the interregional transportation improvement program.

(e) The funds programmed in the advance project development element may be allocated within the period of the state transportation improvement program without regard to fiscal year.

(f) Not later than September 1, 2002, the commission shall report to the Governor and the Legislature on the impact of adding the advance project development element described in subdivision (a) with the funding level described in subdivision (c). The report shall evaluate whether the element has proven effective in producing a steady, deliverable stream of projects and whether addition of the element has resulted in any detrimental effects on the state's transportation system.

(g) The commission may develop guidelines to implement this section.

SEC. 5. Section 14529.3 is added to the Government Code, to read:

14529.3. (a) Funds received by the department as reimbursement for any work authorized by the Legislature through the annual budget process to be performed by the department under contract or other agreement for any local agency or entity or for any other state agency or state entity shall be deposited in the Transportation Reimbursable Work Account which is hereby created in the State Transportation Fund.

(b) Notwithstanding Section 13340 of the Government Code and without regard to fiscal years, the money in the account is hereby continuously appropriated to the department for the purpose of funding the performance of reimbursable work by the department.

(c) The department may not make expenditures from the account unless the department has determined that it has sufficient resources to complete both the reimbursable project and all projects under the state transportation improvement program in a timely manner.

SEC. 6. Section 14529.6 is added to the Government Code, to read:

14529.6. (a) (1) Notwithstanding any other provision of law, the commission may advance unallocated funds in the State Highway Account, in the form of loans, to transportation planning agencies, county transportation commissions, transit districts, city and county governments, and local transportation authorities for the advancement of projects eligible under the state transportation improvement program that are included within an adopted regional transportation plan.

(2) No application for a loan may be approved under this section for an agency that is not the approving authority for the county's submission to the state transportation improvement program unless the agency applies jointly with the approving authority.

(b) When considering loan applications, the commission shall ensure that all of the following conditions are met:

(1) Projects shall comply with the environmental impact report certification requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) and associated rules and regulations, and have prepared an environmental impact report under that act.

(2) Total project costs shall be greater than ten million dollars (\$10,000,000). In counties with populations of less than 500,000 persons, the commission may waive this requirement if 50 percent of a county's share for the current county share period made under Section 188.8 of the Streets and Highways Code is equal to or greater than the amount of project costs to be loaned.

(3) A fiscal assessment of the applicant's ability to repay a loan shall be made by an independent fiscal consultant selected by the applicant from a pre-qualified list of fiscal consultants approved jointly by the department and the commission. The department shall make a recommendation to the commission based on the analysis conducted by the independent fiscal consultant regarding each specific loan. Costs incurred for this assessment shall be paid by the applicant.

(4) The maximum amount of funds that may be loaned to any single county in any single loan for one or more projects shall be not more than 50 percent of the most recent regional-choice funding allocation made pursuant to Section 188.8 of the Streets and Highways Code, in an amount of not more than one hundred million dollars (\$100,000,000).

(5) Loan repayments shall be made in cash from nonstate sources.

(6) Loans shall be repaid within four years from the date the loan is made.

(7) If a default occurs, 100 percent repayment of the principal and interest, plus a penalty charge of 5 percent of the outstanding principal, shall be required in the form of a reduction in the county's next allocation of county share funding made under Section 188.8 of the Streets and Highways Code. If that reduction is not sufficient to pay the principal, interest, and penalty due, further reduction shall be made from subsequent allocations until the outstanding amount is paid in full. Additionally, the defaulting county shall be ineligible for regional choice fund programming made under Section 188.8 of the Streets and Highways Code until the outstanding amount is paid in full.

(8) Interest rates on loans shall be set at the rate paid on money in the Pooled Money Investment Account during the period of time that the money is loaned.

(9) The commission shall approve or disapprove all loan applications not more than 30 days after the application is submitted.

(10) When approved by the commission, the money for the loan shall be transmitted by the department directly to the applicant not later than 30 days after approval.

(11) The total amount of outstanding loans approved under this program may not exceed five hundred million dollars (\$500,000,000) at any one time.

(12) All payments on the principal of any loan plus interest or penalties paid shall be deposited in the State Highway Account.

(13) The department shall require in writing that projects funded under this section be under construction not later than six months after the date the loan funds are transmitted. If the project is not under construction on or before the date set by the department under this paragraph, the department shall require that the loan be paid back, with interest, not later than 10 days after the department notifies the recipient that repayment is due.

(c) The loan program created under this section shall automatically commence on a first-come, first-served basis whenever the State Highway Account cash balance exceeds four hundred million dollars (\$400,000,000) and shall be suspended whenever the commission determines that moneys in the State Highway Account will reach a cash balance of less than four hundred million dollars (\$400,000,000), based on historical experience, the need for state matching funds, and anticipated contractual needs, except that the commission may terminate the program at any time it deems termination to be the most prudent course of action. For purposes of informing potential loan applicants of the availability of funds to be loaned, the commission shall adopt, on January 15 and July 15 of each year, projections regarding the availability of funds to be loaned and the period of time during which funds will be available. The department shall report to the commission prior to each projection regarding the cash-flow needs of the state transportation improvement program for the following six months.

(d) Prior to loan approval, local agencies shall certify that other resources are not available to fund the project for which the loan is requested and that the agency does not intend to create an indirect arbitrage situation.

(e) Not later than 120 days from the effective date of the act that added this section during the 1999-2000 Regular Session, the commission, in consultation with the department and interested parties, shall propose guidelines and procedures to implement and expedite the loan program established under this section.

(f) Not later than 180 days from the effective date of the act that added this section during the 1999-2000 Regular Session, the commission, after a public hearing, shall adopt a uniform loan agreement package, including guidelines and implementation procedures, and shall begin operation of the loan program. The uniform loan agreement package shall describe loan repayment options, and all other terms and conditions necessary to protect the public interest as well as expedite the availability of funds for needed transportation improvements in the state. The commission shall make available to all interested parties the loan agreement associated with every specific loan made under this section for a period of 30 days prior to approval of those loans by the commission.

(g) The commission shall recommend to the Governor and the Legislature any suggested changes in the dollar limits required under subdivision (c) and any proposed solutions to any other issues relating to the program's impact on expediting delivery of transportation projects.

SEC. 7. Section 14529.11 is added to the Government Code, to read:

14529.11. (a) In order to assist in the delivery of high-priority transportation projects, as determined by the commission, or advance project development work, the commission shall adopt, not later than January 30, 2000, guidelines for an expedited process through which projects may comply with the requirement that a project study report be prepared in order for a project to be considered for inclusion in the state transportation improvement program. The expedited compliance process may be initiated whenever the commission finds it to be in the public interest.

(b) The guidelines required under subdivision (a) shall be developed in consultation with the department, the county agencies responsible for submission of projects for inclusion in the state transportation improvement program, and regional transportation planning agencies.

(c) The guidelines developed by the commission shall require that any request for use of the expedited compliance process be approved by the county agency responsible for submission of projects for inclusion in the state transportation improvement program and that each county approval be reviewed and approved by the department before being considered by the commission.

SEC. 8. Section 182.6 of the Streets and Highways Code is amended to read:

182.6. (a) Notwithstanding Sections 182 and 182.5, Sections 188, 188.8, and 825 do not apply to the expenditure of an amount of federal funds equal to the amount of federal funds apportioned to the state pursuant to that portion of subsection (b)(3) of Section 104, subsections (a) and (c) of Section 157, and subsection (d) of Section 160 of Title 23 of the United States Code which is allocated within the state subject to subsection (d)(3) of Section 133 of that code. These funds shall be known as the regional surface transportation program funds. The department, the transportation planning agencies, the county transportation commissions, and the metropolitan planning organizations may do all things necessary in their jurisdictions to secure and expend those federal funds in accordance with the intent of federal law and this chapter.

(b) The regional surface transportation program funds shall be apportioned by the department to the metropolitan planning organizations designated pursuant to Section 134 of Title 23 of the United States Code and, in areas where none has been designated, to the transportation planning agency designated pursuant to Section 29532 of the Government Code. The funds shall be apportioned in the manner and in accordance with the formula set forth in subsection (d) (3) of Section 133 of Title 23 of the United States Code, except that the apportionment shall be among all areas of the state. Funds apportioned under this subdivision shall remain available for three federal fiscal years, including the federal fiscal year apportioned.

(c) Where county transportation commissions have been created by Division 12 (commencing with Section 130000) of the Public Utilities Code, all regional surface transportation program funds shall be further apportioned by the metropolitan planning organization to the county transportation commission on the basis of relative population.

In the Monterey Bay region, all regional surface transportation program funds shall be further apportioned, on the basis of relative population, by the metropolitan planning organization to the regional transportation planning agencies designated under subdivision (b) of Section 29532 of the Government Code.

(d) The applicable metropolitan planning organization, county transportation commission, or transportation planning agency shall annually apportion the regional surface transportation program funds for projects in each county, as follows:

(1) An amount equal to the amount apportioned under the federal-aid urban program in federal fiscal year 1990-91 adjusted for population. The adjustment for population shall be based on the population determined in the 1990 federal census except that no county shall be apportioned less

than 110 percent of the apportionment received in the 1990-91 fiscal year. These funds shall be apportioned for projects implemented by cities, counties, and other transportation agencies on a fair and equitable basis based upon an annually updated five-year average of allocations. Projects shall be nominated by cities, counties, transit operators, and other public transportation agencies through a process that directly involves local government representatives.

(2) An amount not less than 110 percent of the amount that the county was apportioned under the federal-aid secondary program in federal fiscal year 1990-91, for use by that county.

(e) The department shall notify each metropolitan planning organization, county transportation commission, and transportation planning agency receiving an apportionment under this section, as soon as possible each year, of the amount of obligation authority estimated to be available for program purposes. The metropolitan planning organization and transportation planning agency, in cooperation with the department, congestion management agencies, cities, counties, and affected transit operators, shall select and program projects in conformance with federal law. The metropolitan planning organization and transportation planning agency shall submit its transportation improvement program prepared pursuant to Section 134 of Title 23 of the United States Code to the department for incorporation into the state transportation improvement program not later than August 1 of each even-numbered year beginning in 1994.

(f) Not later than July 1 of each year, the metropolitan planning organizations, and the regional transportation planning agencies, receiving obligational authority under this article shall notify the department of the projected amount of obligational authority that each entity intends to use during the remainder of the current federal fiscal year, including, but not limited to, a list of projects that will be obligated by the end of the current federal fiscal year. Any federal obligational authority that will not be used shall be redistributed by the department to other projects in a manner that ensures that the state will continue to compete for and receive increased obligational authority during the federal redistribution of obligational authority. If the department does not have sufficient federal apportionments to fully use excess obligational authority, the metropolitan planning organizations or regional transportation planning agencies relinquishing obligational authority shall make sufficient apportionments available to the department to fund alternate projects, when practical, within the geographical areas relinquishing the obligational authority. Notwithstanding this subdivision, the department shall comply with subsections (d)(3) and (f) of Section 133 of Title 23 of the United States Code.

(g) A regional transportation planning agency that is not designated as, nor represented by, a metropolitan planning organization with an urbanized area population greater than 200,000 pursuant to the 1990 federal census may exchange its annual apportionment received pursuant to this section on a dollar-for-dollar basis for nonfederal State Highway Account funds, which shall be apportioned in accordance with subdivision (d).

(h) (1) If a regional transportation planning agency described in subdivision (g) does not elect to exchange its annual apportionment, a county located within the boundaries of that regional transportation planning agency may elect to exchange its annual apportionment received pursuant to paragraph (2) of subdivision (d) for nonfederal State Highway Account funds.

(2) A county not included in a regional transportation planning agency described in subdivision (g), whose apportionment pursuant to paragraph (2) of subdivision (d) was less than 1 percent of the total amount apportioned to all counties in the state may exchange its apportionment for nonfederal State Highway Account funds. If the apportionment to the county was more than 3 1/2 percent of the total apportioned to all counties in the state, it may exchange that portion of its apportionment in excess of 3 1/2 percent for nonfederal State Highway Account funds. Exchange funds received by a county pursuant to this section may be used for any transportation purpose.

(i) The department shall be responsible for closely monitoring the use of federal transportation funds, including regional surface transportation program funds to assure full and timely use. The department shall prepare a quarterly report for submission to the commission regarding the progress in use of all federal transportation funds. The department shall notify the commission and the

appropriate implementation agency whenever there is a failure to use federal funds within the three-year apportionment period established under subdivision (b).

(j) The department shall provide written notice to implementing agencies when there is one year remaining within the three-year apportionment period established under subdivision (b) of this section.

(k) Within six months of the date of notification required under subdivision (j), the implementing agency shall provide to the department a plan to obligate funds that includes, but need not be limited to, a list of projects and milestones.

(l) If the implementing agency has not met the milestones established in the implementation plan required under subdivision (k), prior to the end of the three-year apportionment period established under subdivision (b), the commission shall redirect those funds for use on other transportation projects in the state.

SEC. 9. Section 182.7 of the Streets and Highways Code is amended to read:

182.7. (a) Notwithstanding Sections 182 and 182.5, Sections 188, 188.8, and 825 do not apply to the expenditure of an amount of federal funds equal to the amount of federal funds apportioned to the state pursuant to subsection (b)(2) of Section 104 of Title 23 of the United States Code. These funds shall be known as the congestion mitigation and air quality program funds and shall be expended in accordance with Section 19 of Title 3 of the United States Code. The department, the transportation planning agencies, and the metropolitan planning organizations may do all things necessary in their jurisdictions to secure and expend those federal funds in accordance with the intent of federal law and this chapter.

(b) The congestion mitigation and air quality program funds, including any funds to which subsection (c) of Section 110 of Title 23 of the United States Code, as added by subdivision (a) of Section 1310 of Public Law 105-178, applies, shall be apportioned by the department to the metropolitan planning organizations designated pursuant to Section 134 of Title 23 of the United States Code and, in areas where none has been designated, to the transportation planning agency established by Section 29532 of the Government Code. The funds shall be apportioned to metropolitan planning organizations and transportation planning agencies responsible for air quality conformity determinations in federally designated air quality nonattainment and maintenance areas within the state in the manner and in accordance with the formula set forth in subsection (b)(2) of Section 104 of Title 23 of the United States Code. Funds apportioned under this subdivision shall remain available for three federal fiscal years, including the federal fiscal year apportioned.

(c) Notwithstanding subdivision (b), where county transportation commissions have been created by Division 12 (commencing with Section 130000) of the Public Utilities Code, all congestion mitigation and air quality program funds shall be further apportioned by the metropolitan planning organization to the county transportation commission on the basis of relative population within the federally designated air quality nonattainment and maintenance areas after first apportioning to the nonattainment and maintenance areas in the manner and in accordance with the formula set forth in subsection (b) (2) of Section 104 of Title 23 of the United States Code.

In the Monterey Bay region, all congestion mitigation and air quality improvement program funds shall be further apportioned, on the basis of relative population, by the metropolitan planning organization to the regional transportation planning agencies designated under subdivision (b) of Section 29532 of the Government Code.

(d) The department shall notify each metropolitan planning organization, transportation planning agency, and county transportation commission receiving an apportionment under this section, as soon as possible each year, of the amount of obligational authority estimated to be available for expenditure from the federal apportionment. The metropolitan planning organizations, transportation planning agencies, and county transportation commissions, in cooperation with the department, congestion management agencies, cities and counties, and affected transit operators, shall select and program projects in conformance with federal law. Each metropolitan planning

organization and transportation planning agency shall, not later than August 1 of each even-numbered year beginning in 1994, submit its transportation improvement program prepared pursuant to Section 134 of Title 23 of the United States Code to the department for incorporation into the state transportation improvement program.

(e) Not later than July 1 of each year, the metropolitan planning organizations and the regional transportation planning agencies receiving obligational authority under this section, shall notify the department of the projected amount of obligational authority that each entity intends to use during the remainder of the current federal fiscal year, including, but not limited to, a list of projects that will use the obligational authority. Any federal obligational authority that will not be used shall be redistributed by the department to other projects in a manner that ensures that the state will continue to compete for and receive increased obligational authority during the federal redistribution of obligational authority. If the department does not have sufficient federal apportionments to fully use excess obligational authority, the metropolitan planning organization or transportation planning agency relinquishing obligational authority shall make sufficient apportionments available to the department to fund alternate projects, when practical, within the geographical areas relinquishing the obligational authority. Notwithstanding this subdivision, the department shall comply with subsection (f) of Section 133 of Title 23 of the United States Code.

(f) The department shall be responsible for closely monitoring the use of federal transportation funds, including congestion management and air quality funds to assure full and timely use. The department shall prepare a quarterly report for submission to the commission regarding the progress in use of all federal transportation funds. The department shall notify the commission and the appropriate implementation agency whenever there is a failure to use federal funds within the three-year apportionment period established under subdivision (b).

(g) The department shall provide written notice to implementing agencies when there is one year remaining within the three-year apportionment period established under subdivision (b) of this section.

(h) Within six months of the date of notification required under subdivision (g), the implementing agency shall provide to the department a plan to obligate funds that includes, but need not be limited to, a list of projects and milestones.

(i) If the implementing agency has not met the milestones established in the implementation plan required under subdivision (h) above, prior to the end of the three-year apportionment period established under subdivision (b), the commission shall redirect those funds for use on other transportation projects in the state.

SEC. 10. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to expedite, as soon as possible, the use of the excessively large cash balance in the State Highway Account in the State Transportation Fund and to direct the California Transportation Commission and Department of Transportation to accomplish the tasks necessary to put these taxpayer funds to work at the earliest possible date on needed transportation improvements, it is necessary that this act take effect immediately.

APPENDIX C – TEXT OF SB 45

BILL NUMBER: SB 45 CHAPTERED BILL TEXT

CHAPTER 622

FILED WITH SECRETARY OF STATE OCTOBER 3, 1997

APPROVED BY GOVERNOR OCTOBER 2, 1997

PASSED THE SENATE SEPTEMBER 12, 1997

PASSED THE ASSEMBLY SEPTEMBER 12, 1997

AMENDED IN ASSEMBLY SEPTEMBER 10, 1997

AMENDED IN ASSEMBLY AUGUST 28, 1997

AMENDED IN ASSEMBLY JULY 23, 1997

AMENDED IN ASSEMBLY JULY 7, 1997

AMENDED IN ASSEMBLY JUNE 23, 1997

AMENDED IN SENATE MAY 15, 1997

AMENDED IN SENATE APRIL 10, 1997

AMENDED IN SENATE APRIL 1, 1997

AMENDED IN SENATE MARCH 10, 1997

AMENDED IN SENATE FEBRUARY 24, 1997

INTRODUCED BY Senator Kopp
(Coauthor: Assembly Member Papan)

DECEMBER 2, 1996

An act to amend Sections 14523, 14524, 14525, 14526, 14527, 14530.1, 14531, 14536, 65081.1, 65082, 65083, and 65086 of, to add Sections 14529.1, 14529.8, 14529.12, and 14529.15 to, to repeal and add Sections 14520.3, 14529, 65080, and 65086.4 of, and to repeal Sections 14524.5, 14529.01, 14529.2, 14529.6, 14530.5, 14555, 65071, and 65081 of, the Government Code, to amend Sections 99310, 99312, and 99315 of, and to repeal Sections 99315.5, 99315.6, 99318, and 99318.2 of, the Public Utilities Code, and to amend Sections 164.3, 167, 188, and 188.8 of, to amend and repeal Sections 2601, 2602, and 2602.1 of, to add Sections 164.6 and 188.10 to, to repeal and add Sections 163, 164, and 182.5 of, and to repeal Sections 164.2, 164.4, 164.35, 164.50, 164.51, 164.52, 164.55, 164.57, 168, 182.4, 182.8, 188.9, 199, 199.1, 199.2, 199.3, 199.4, 199.6, 199.7, 199.8, 199.9, 199.10, 199.11, and 2600 of, the Streets and Highways Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 45, Kopp. Transportation funding.

Existing law prescribes a process for estimating the amount of state and federal funds to be available for transportation projects in the state, and for appropriating and allocating the available funds to those projects.

This bill would substantially revise that process, by changing the 7-year state transportation improvement program to a 4-year program, changing the components of the regional and state transportation improvement programs, changing the name of the Transportation Planning and

Development Account to the Public Transportation Account, and making changes in the way funds are allocated from that account. The bill would declare the Legislature's intent regarding budget estimates by the Department of Transportation and the California Transportation Commission based on specified factors. The bill would eliminate various transportation-related programs, including traffic systems management, flexible congestion relief, commuter and urban rail transit, and the state-local transportation partnership program. The bill would provide that the department is continued as the responsible agency for the state highway system, as specified. This bill would provide that by the enactment of this bill, the Legislature intends that nothing contained in this bill shall be construed to expand or restrict the authority or responsibility of the department to perform the components developed in the state transportation improvement program. The bill would make related changes.

This bill would incorporate additional changes in Section 14524 of the Government Code proposed by AB 87, to be operative only if AB 87 and this bill are both enacted and become effective on or before January 1, 1998, and this bill is enacted last.

This bill would incorporate additional changes in Section 14525 of the Government Code proposed by AB 87, to be operative only if AB 87 and this bill are both enacted and become effective on or before January 1, 1998, and this bill is enacted last.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 14520.3 of the Government Code is repealed.

SEC. 1.1. Section 14520.3 is added to the Government Code, to read:

14520.3. (a) The Legislature, through the enactment of Senate Bill 45 during the 1997-98 Regular Session, intends to establish priorities and processes for the programming and expenditure of state transportation funds that are at the discretion of the Legislature and the Governor.

(b) The department is responsible for the planning, design, construction, maintenance, and operation of the state highway system and Senate Bill 45 is not intended to alter that responsibility.

(c) In addition to other responsibilities established by law, the department is the responsible agency for performing all state highway project components specified in subdivision (b) of Section 14529 of the Government Code except for construction.

(d) The Legislature, through the enactment of this section, intends that nothing in subdivision (b) of Section 14529 of the Government Code or any other provision in the act that added this section to the Government Code shall be construed to expand or restrict the authority or responsibility of the department, as provided by statute or the California Constitution, to perform the components described in subdivision (b) of Section 14529 of the Government Code on state highways.

SEC. 2. Section 14523 of the Government Code is amended to read:

14523. The commission may prepare an independent evaluation of the department's budget regarding the adequacy of funding levels and the relative needs of program categories as defined in Section 167 of the Streets and Highways Code and submit its recommendations to the Legislature not later than April 1 of each year. The report shall reflect the commission's judgment regarding the overall funding levels for each program category and shall not duplicate the item-by-item analysis conducted by the Legislative Analyst.

SEC. 3. Section 14524 of the Government Code is amended to read:

14524. (a) Not later than January 5, 1998, and July 15 of each odd-numbered year thereafter, the department shall submit to the commission a four-year estimate pursuant to Section 164 of the Streets and Highways Code, in annual increments, of all federal and state funds reasonably expected to be available during the following four fiscal years.

(b) The estimate shall specify the amount that may be programmed in each county for regional improvement programs pursuant to paragraph (2) of subdivision (a) of Section 164 of the Streets and Highways Code and shall identify any statutory restriction on the use of particular funds.

(c) For the purpose of estimating revenues, the department shall assume that there will be no changes in existing state and federal statutes.

(d) The method by which the estimate is determined shall be determined by the commission, in consultation with the department, transportation planning agencies, and county transportation commissions.

SEC. 3.5. Section 14524 of the Government Code is amended to read:

14524. (a) Not later than January 5, 1998, and July 15 of each odd-numbered year thereafter, the department shall submit to the commission a four-year estimate pursuant to Section 164 of the Streets and Highways Code, in annual increments, of all federal and state funds reasonably expected to be available during the following four fiscal years.

(b) The estimate shall specify the amount that may be programmed in each county for regional improvement programs pursuant to paragraph (2) of subdivision (a) of Section 164 of the Streets and Highways Code, and for the California Transportation Finance Bank program established in Division 2 (commencing with Section 64000) of Title 6.7, and shall identify any statutory restriction on the use of particular funds.

(c) For the purpose of estimating revenues, the department shall assume that there will be no changes in existing state and federal statutes.

(d) The method by which the estimate is determined shall be determined by the commission, in consultation with the department, transportation planning agencies, and county transportation commissions.

SEC. 4. Section 14524.5 of the Government Code is repealed.

SEC. 5. Section 14525 of the Government Code is amended to read:

14525. (a) Not later than January 5, 1998, and August 15 of each odd-numbered year thereafter, the commission shall adopt a four-year estimate pursuant to Section 164 of the Streets and Highways Code, in annual increments, of all state and federal funds reasonably expected to be available during the following four fiscal years.

(b) The estimate shall specify the amount that may be programmed in each county for regional improvement programs under paragraph (2) of subdivision (a) of Section 164 of the Streets and Highways Code and shall identify any statutory restriction on the use of particular funds.

(c) For the purpose of estimating revenues, the commission shall assume that there will be no change in existing state and federal statutes.

(d) If the commission finds that legislation pending before the Legislature or the United States Congress may have a significant impact on the fund estimate, the commission may postpone the adoption of the fund estimate for no more than 90 days. Prior to March 1 of each even-numbered year, the commission may amend the estimate following consultation with the department, transportation planning agencies, and county transportation commissions to account for unexpected revenues or other unforeseen circumstances. In the event the fund estimate is amended, the commission shall extend the dates for the submittal of improvement programs as specified in Sections 14526 and 14527 and for the adoption of the state transportation improvement program pursuant to Section 14529.

SEC. 5.5. Section 14525 of the Government Code is amended to read:

14525. (a) Not later than January 5, 1998, and August 15 of each odd-numbered year thereafter, the commission shall adopt a four-year estimate pursuant to Section 164 of the Streets and Highways

Code, in annual increments, of all state and federal funds reasonably expected to be available during the following four fiscal years, and for the California Transportation Finance Bank program established by Division 2 (commencing with Section 64000) of Title 6.7.

(b) The estimate shall specify the amount that may be programmed in each county for regional improvement programs under paragraph (2) of subdivision (a) of Section 164 of the Streets and Highways Code and shall identify any statutory restriction on the use of particular funds.

(c) For the purpose of estimating revenues, the commission shall assume that there will be no change in existing state and federal statutes.

(d) If the commission finds that legislation pending before the Legislature or the United States Congress may have a significant impact on the fund estimate, the commission may postpone the adoption of the fund estimate for no more than 90 days. Prior to March 1 of each even-numbered year, the commission may amend the estimate following consultation with the department, transportation planning agencies, and county transportation commissions to account for unexpected revenues or other unforeseen circumstances. If the fund estimate is amended, the commission shall extend the dates for the submittal of improvement programs as specified in Sections 14526 and 14527 and for the adoption of the state transportation improvement program pursuant to Section 14529.

SEC. 6. Section 14526 of the Government Code is amended to read:

14526. (a) Not later than March 1, 1998, and December 15 of each odd-numbered year thereafter, and after consulting with the transportation planning agencies, county transportation commissions, and transportation authorities, the department shall submit to the commission its interregional improvement program consisting of all of the following:

(1) Projects to improve state highways, pursuant to subdivision (b) of Section 164 of the Streets and Highways Code.

(2) Projects to improve the intercity passenger rail system.

(3) Projects to improve interregional movement of people, vehicles, and goods.

(b) Projects may not be included in the interregional improvement program without a project study report or major investment study.

(c) Major projects shall include current costs updated as of November 1 of the year of submittal and escalated to the appropriate year, and shall be consistent with, and provide the information required in, subdivision (b) of Section 14529.

(d) Projects included in the interregional improvement program shall be consistent with the adopted regional transportation plan.

SEC. 7. Section 14527 of the Government Code is amended to read:

14527. (a) After consulting with the department, the regional transportation planning agencies and county transportation commissions shall adopt and submit to the commission and the department, not later than March 1, 1998, and December 15 of each odd-numbered year thereafter, a four-year regional transportation improvement program in conformance with Section 65082. In counties where a county transportation commission or authority has been created pursuant to Chapter 2 (commencing with Section 130050) of Division 12 of the Public Utilities Code, the commission or the authority shall adopt and submit the county transportation improvement program, in conformance with Sections 130303 and 130304 of that code, to the multicounty designated transportation planning agency. Other information, including a program for expenditure of local or federal funds, may be submitted for information purposes with the program, but only at the discretion of the transportation planning agencies or the county transportation commissions.

(b) The regional transportation improvement program shall include all projects to be funded with regional improvement funds under paragraph (2) of subdivision (a) of Section 164 of the Streets and Highways Code. The regional programs shall be limited to projects to be funded in whole or in part with regional improvement funds which shall include all projects to receive allocations by the

commission during the following four fiscal years. For each project, the total expenditure for each project component and the total amount of commission allocation and the year of allocation shall be stated. The total cost of projects to be funded with regional improvement funds shall not exceed the amount specified in the fund estimate made by the commission pursuant to Section 14525.

(c) The regional transportation planning agencies and county transportation commissions may recommend projects to improve state highways with interregional improvement funds pursuant to subdivision (b) of Section 164 of the Streets and Highways Code. The recommendations shall be separate and distinct from the regional transportation program. A project recommended for funding pursuant to this subdivision shall constitute a usable segment and shall not be a condition for inclusion of other projects in the regional transportation improvement program.

(d) Major projects shall include current costs updated as of November 1 of the year of submittal and escalated to the appropriate year, and shall be consistent with, and provide the information required in, subdivision (b) of Section 14529.

(f) The regional transportation improvement program may not change the project delivery milestone date of any project as shown in the prior adopted state transportation improvement program without the consent of the department or other agency responsible for the project's delivery.

(g) Projects may not be included in the regional transportation improvement program without a complete project study report or, for a project that is not on a state highway, a project study report equivalent or major investment study.

(h) The transportation planning agencies and county transportation commissions may request and receive an amount not to exceed one-half of 1 percent of their regional improvement fund expenditures for the purposes of project planning, programming, and monitoring. A transportation planning agency or county transportation commission not receiving federal metropolitan planning funds may request and receive an amount not to exceed 2 percent of its regional improvement fund expenditures for the purposes of project planning, programming, and monitoring.

SEC. 8. Section 14529 of the Government Code is repealed.

SEC. 9. Section 14529 is added to the Government Code, to read:

14529. (a) The state transportation improvement program shall include a listing of all capital improvement projects that are expected to receive an allocation of state transportation funds under Section 164 of the Streets and Highways Code, including revenues from transportation bond acts, from the commission during the following four fiscal years. It shall include, and be limited to, the projects to be funded with the following:

(1) Interregional improvement funds.

(2) Regional improvement funds.

(b) For each project, the program shall specify the allocation or expenditure amount and the allocation or expenditure year for each of the following project components:

(1) Completion of all permits and environmental studies.

(2) Preparation of plans, specifications, and estimates.

(3) The acquisition of rights-of-way.

(4) Construction and construction management and engineering, including surveys and inspection.

(c) Funding for right-of-way acquisition and construction for a project may be included in the program only if the commission makes a finding that the sponsoring agency will complete the environmental process and can proceed with right-of-way acquisition or construction within the four-year period. No allocation for right-of-way acquisition or construction shall be made until the completion of the environmental studies and the selection of a preferred alternative.

(d) The commission shall adopt and submit to the Legislature and the Governor, not later than June 1, 1998, and April 1 of each even-numbered year thereafter, a state transportation improvement program. The program shall cover a period of four years, beginning July 1 of the year it is adopted, and shall be a statement of intent by the commission for the allocation or expenditure of funds during

those four years. The program shall include projects which are expected to receive funds prior to July 1 of the year of adoption, but for which the commission has not yet allocated funds.

(e) The projects included in the adopted state transportation improvement program shall be limited to those projects submitted or recommended pursuant to Sections 14526 and 14527. The total amount programmed in each fiscal year for each program category shall not exceed the amount specified in the fund estimate adopted under Section 14525.

(f) The state transportation improvement program is a resource management document to assist the state and local entities to plan and implement transportation improvements and to utilize available resources in a cost-effective manner. It is a document for each county and each region to declare their intent to use available state and federal funds in a timely and cost-effective manner.

(g) Prior to the adoption of the state transportation improvement program, the commission shall hold not less than one hearing in northern California and one hearing in southern California to reconcile any objections by any county or regional agency to the department's program or the department's objections to any regional program.

(h) The commission shall incorporate projects that are included in the regional improvement program and are to be funded with regional improvement funds, unless the commission finds that the regional transportation improvement program is not consistent with the guidelines adopted by the commission or is not a cost-effective expenditure of state funds, in which case the commission may reject the regional transportation improvement program in its entirety. The finding shall be based on an objective analysis, including, but not limited to, travel forecast, cost, and air quality. The commission shall hold a public hearing in the affected county or region prior to rejecting the program, or not later than 60 days after rejecting the program. When a regional transportation improvement program is rejected, the regional entity may submit a new regional transportation improvement program for inclusion in the state transportation improvement program. The commission shall not reject a regional transportation improvement program unless, not later than 60 days after the date it received the program, it provided notice to the affected agency that specified the factual basis for its proposed action.

(i) A project may be funded with more than one of the program categories listed in Section 164 of the Streets and Highways Code.

(j) Notwithstanding any other provision of law, no local or regional matching funds shall be required for projects that are included in the state transportation improvement program.

(k) The commission may include a project recommended by a regional transportation planning agency or county transportation commission pursuant to subdivision (c) of Section 14527, if the commission makes a finding, based on an objective analysis, that the recommended project is more cost-effective than a project submitted by the department pursuant to Section 14526.

SEC. 10. Section 14529.01 of the Government Code is repealed.

SEC. 11. Section 14529.1 is added to the Government Code, to read:

14529.1. The commission shall establish guidelines for the allocation of funds to an entity for a project to verify that the entity has the resources and capabilities to implement the project in a timely manner and may establish a process for monitoring the progress being made and proper use of funds. The guidelines and process shall be kept to the minimum needed to protect state funds and provide for a timely use of those funds. The commission shall request that the entity receiving funds accept an audit of funds allocated to it by the commission if an audit is deemed necessary.

SEC. 12. Section 14529.2 of the Government Code is repealed.

SEC. 13. Section 14529.6 of the Government Code is repealed.

SEC. 14. Section 14529.8 is added to the Government Code, to read:

14529.8. (a) Funds may be allocated by the commission for each project element during the fiscal year that is identified in the state transportation improvement program and the funds shall be available for expenditure during that fiscal year and the following two fiscal years. Any funds not allocated, or allocated but not encumbered, during the period specified in this section, shall remain in the account, or be returned to the account, as the case may be.

(b) Upon a finding that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies an extension, the commission may extend the deadlines specified in subdivision (a). The deadline extensions shall not exceed the period of delay directly attributed to the extraordinary circumstance and in no event be more than 20 months. The commission shall not grant more than one extension.

SEC. 15. Section 14529.12 is added to the Government Code, to read:

14529.12. (a) The department and the regional planning agencies shall consult and seek consensus on state highway projects to be proposed for inclusion in the state transportation improvement program under Sections 14526 and 14527.

(b) Agreements between the state and transportation planning agencies or county transportation commissions relating to program approvals or federal or state fund transfers and the expenditure of funds pursuant to those agreements shall comply with all applicable federal and state laws and regulations and be subject to the administrative operating procedures set forth in Federal Office of Management and Budget Circulars A-87, A-102, and A-128, but not to any other state agency procedures or requirements.

SEC. 16. Section 14529.15 is added to the Government Code, to read:

14529.15. (a) The commission shall make a report to the Legislature on or before February 1, 1999, and on or before February 1, 2001, assessing the relative success of the provisions of Senate Bill 45, as enacted during the 1997-98 Regular Session, in achieving the Legislature's intent for reform of the state transportation improvement program, and assessing program delivery, expenditure of funds at both regional and statewide levels, and program performance.

(b) The Legislature intends that the 1998 State Transportation Improvement Program conform with the requirements of Senate Bill 45, as enacted during the 1997-98 Regular Session, to the maximum degree feasible, taking into account the limited time allowed between enactment of that bill and adoption of that program. The commission shall comply fully with all procedures and requirements of Senate Bill 45, as enacted during the 1997-98 Regular Session, in the preparation and adoption of the subsequent state transportation improvement programs.

(c) The 1998 State Transportation Improvement Program shall cover a period of six years as a transition into a four-year programming period.

SEC. 17. Section 14530.1 of the Government Code is amended to read:

14530.1. (a) The department, in cooperation with the commission, transportation planning agencies, and county transportation commissions and local governments, shall develop guidelines for the development of the state transportation improvement program and the incorporation of projects into the state transportation improvement program.

(b) The guidelines shall include, but not be limited to, all of the following:

- (1) Standards for project deliverability.
- (2) Standards for identifying projects and project components.
- (3) Standards for cost estimating.
- (4) Programming methods for increases and schedule changes.
- (5) Objective criteria for measuring system performance and cost-effectiveness of candidate projects.

(c) The guidelines shall be submitted to the commission by September 15, 1998. After conducting at least one hearing in northern California and one in southern California, the commission shall adopt the guidelines by December 31, 1998.

(d) The guidelines shall be the complete and full statement of the policy, standards, and criteria that the commission intends to use in selecting projects to be included in the state transportation improvement program.

(e) The commission may amend the adopted guidelines after conducting at least one public hearing. The commission shall make a reasonable effort to adopt the amended guidelines prior to its adoption of the fund estimate pursuant to Section 14525. In no event shall the adopted guidelines be amended, or otherwise revised, modified, or altered during the period commencing 30 days after the adoption of the fund estimate pursuant to Section 14525 and before the adoption of the state transportation improvement program pursuant to Section 14529.

SEC. 18. Section 14530.5 of the Government Code is repealed.

SEC. 19. Section 14531 of the Government Code is amended to read:

14531. (a) The commission may amend the state transportation improvement program if the amendment meets both of the following conditions:

(1) The request for the amendment is made by the entity that submitted the project or projects that are in the program and are to be changed by the amendment.

(2) The total amount programmed in each county for regional improvements does not exceed the county's share prior to the amendment, or the total amount programmed in each county is treated as an adjustment to the share pursuant to Section 188.10 of the Streets and Highways Code.

(b) Public notice of the proposed amendments to the program or the plan shall be made at least 30 days before the commission takes formal action on the proposed amendments. The notice shall include the text and complete description of the proposed amendments.

SEC. 20. Section 14536 of the Government Code is amended to read:

14536. (a) The annual report shall include an explanation and summary of major policies and decisions adopted by the commission during the previously completed state and federal fiscal year, with an explanation of any changes in policy associated with the performance of its duties and responsibilities over the past year.

(b) The annual report may also include a discussion of any significant upcoming transportation issues anticipated to be of concern to the public and the Legislature.

SEC. 21. Section 14555 of the Government Code is repealed.

SEC. 22. Section 65071 of the Government Code is repealed.

SEC. 23. Section 65080 of the Government Code is repealed.

SEC. 24. Section 65080 is added to the Government Code, to read:

65080. (a) Each transportation planning agency designated under Section 29532 or 29532.1 shall prepare and adopt a regional transportation plan directed at achieving a coordinated and balanced regional transportation system, including, but not limited to, mass transportation, highway, railroad, maritime, bicycle, pedestrian, goods movement, and aviation facilities and services. The plan shall be action-oriented and pragmatic, considering both the short-term and long-term future, and shall present clear, concise policy guidance to local and state officials. The regional transportation plan shall consider factors specified in Section 134 of Title 23 of the United States Code. Each transportation planning agency shall consider and incorporate, as appropriate, the transportation plans of cities, counties, districts, private organizations, and state and federal agencies.

(b) The regional transportation plan shall include all of the following:

(1) A policy element that describes the transportation issues in the region, identifies and quantifies regional needs, and describes the desired short-range and long-range transportation goals, and pragmatic objective and policy statements. The objective and policy statements shall be consistent with the funding estimates of the financial element.

(2) An action element that describes the programs and actions necessary to implement the plan and assigns implementation responsibilities. The action element may describe all projects proposed for development during the 20-year life of the plan. The action element shall consider congestion management programming activities carried out within the region.

(3) A financial element that summarizes the cost of plan implementation constrained by a realistic projection of available revenues. The financial element shall also contain recommendations for allocation of funds. A county transportation commission created pursuant to Section 130000 of the Public Utilities Code shall be responsible for recommending projects to be funded with regional improvement funds, if the project is consistent with the regional transportation plan. The first four years of the financial element shall be based on the four-year estimate of funds developed pursuant to Section 14524. The financial element may recommend the development of specified new sources of revenue, consistent with the policy element and action element.

(c) Each transportation planning agency shall adopt and submit, biennially, an updated regional transportation plan to the California Transportation Commission and the Department of Transportation. The plan shall be consistent with federal planning and programming requirements. A transportation planning agency that does not contain an urbanized area may at its option adopt and submit a regional transportation plan once every four years beginning with December 1, 1997. Prior to adoption of the regional transportation plan, a public hearing shall be held, after the giving of notice of the hearing by publication in the affected county or counties pursuant to Section 6061.

SEC. 25. Section 65081 of the Government Code is repealed.

SEC. 26. Section 65081.1 of the Government Code is amended to read:

65081.1. (a) After consultation with other regional and local transportation agencies, each transportation planning agency whose planning area includes a primary air carrier airport shall, in conjunction with its preparation of an updated regional transportation plan, include an airport ground access improvement program.

(b) The program shall address the development and extension of mass transit systems, including passenger rail service, major arterial and highway widening and extension projects, and any other ground access improvement projects the planning agency deems appropriate.

(c) Highest consideration shall be given to mass transit for airport access improvement projects in the program.

(d) If federal funds are not available to a transportation planning agency for the costs of preparing or updating an airport ground access improvement program, the agency may charge the operators of primary air carrier airports within its planning area for the direct costs of preparing and updating the program. An airport operator against whom charges are imposed pursuant to this subdivision shall pay the amount of those charges to the transportation planning agency.

SEC. 27. Section 65082 of the Government Code is amended to read:

65082. (a) A four-year regional transportation improvement program shall be prepared, adopted, and submitted to the California Transportation Commission on or before January 5, 1998, and December 15 of each odd-numbered year thereafter, updated every two years, pursuant to Sections 65080 and 65080.5 and the guidelines adopted pursuant to Section 14530.1, to include regional transportation improvement projects and programs proposed to be funded, in whole or in part, in the state transportation improvement program. Major projects shall include current costs updated as of November 1 of the year of submittal and escalated to the appropriate year, and be listed by relative

priority, taking into account need, delivery milestone dates, as defined in Section 14525.5, and the availability of funding.

(b) Except for those counties that do not prepare a congestion management program pursuant to Section 65088.3, congestion management programs adopted pursuant to Section 65089 shall be incorporated into the regional transportation improvement program submitted to the commission by December 15 of each odd-numbered year.

(c) Local projects not included in a congestion management program shall not be included in the regional transportation improvement program. Projects and programs adopted pursuant to subdivision (a) shall be consistent with the capital improvement program adopted pursuant to paragraph (5) of subdivision (b) of Section 65089, and the guidelines adopted pursuant to Section 14530.1.

(d) Other projects may be included in the regional transportation improvement program if listed separately.

(e) Unless a county not containing urbanized areas of over 50,000 population notifies the Department of Transportation by July 1 that it intends to prepare a regional transportation improvement program for that county, the department shall, in consultation with the affected local agencies, prepare the program for all counties for which it prepares a regional transportation plan.

(f) The requirements for incorporating a congestion management program into a regional choice program specified in this section do not apply in those counties that do not prepare a congestion management program in accordance with Section 65088.3.

SEC. 28. Section 65083 of the Government Code is amended to read:

65083. As part of implementation of the demonstration program established pursuant to Section 14045 of the Government Code, the regional transportation planning agency preparing the four-year regional transportation improvement program pursuant to Section 65082 shall consider those exclusive mass transit guideway projects where the applicant and the local entity responsible for land use decisions have entered into a binding agreement to promote high density residential development within one-half mile of a mass transit guideway station. Any project selected by the agency which is located in a demonstration site shall be considered for inclusion in the regional transportation improvement program. This section shall not preclude the agency from applying the criteria for making awards which may be required or permitted pursuant to other provisions of law.

SEC. 29. Section 65086 of the Government Code is amended to read:

65086. The Department of Transportation, in consultation with transportation planning agencies, county transportation commissions, counties, and cities, shall carry out long-term state highway system planning to identify future highway improvements.

SEC. 30. Section 65086.4 of the Government Code is repealed.

SEC. 31. Section 65086.4 is added to the Government Code, to read:

65086.4. Projects on the state highway system shall comply with applicable state and federal standards to ensure systemwide consistency with operational, safety, and maintenance needs. The department may approve exceptions to this requirement that it determines to be appropriate.

SEC. 32. Section 99310 of the Public Utilities Code is amended to read:

99310. (a) The Transportation Planning and Development Account in the State Transportation Fund, hereafter referred to as the "account" in this article, is hereby continued in existence as the Public Transportation Account in the fund.

(b) Any reference in any law or regulation to the Transportation Planning and Development Account in the State Transportation Fund is a reference to the Public Transportation Account.

SEC. 33. Section 99312 of the Public Utilities Code is amended to read:

99312. From the funds transferred to the account pursuant to Section 7102 of the Revenue and Taxation Code, the Legislature shall appropriate funds for the following purposes:

- (a) To the department, 50 percent for purposes of Section 99315.
- (b) To the Controller, 25 percent for allocation to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99314.
- (c) To the Controller, 25 percent for allocation to transportation agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board for purposes of Section 99313.

SEC. 34. Section 99315 of the Public Utilities Code is amended to read:

99315. Funds made available pursuant to subdivision (a) of Section 99312, shall be available for all of the following purposes:

- (a) Bus and passenger rail services pursuant to Sections 14035, 14035.5, and 14038 of the Government Code.
- (b) Funding of public transit capital improvement projects in the state transportation improvement program, pursuant to Section 14529 of the Government Code.
- (c) To the department for its planning activities not payable from the State Highway Account in the State Transportation Fund, its mass transportation responsibilities, and its assistance in regional transportation planning.
- (d) To the director for allocation to the Institute of Transportation Studies of the University of California for training and research in public transportation systems engineering and management and coordination with other transportation modes.
- (e) To the commission for its activities not payable from the State Highway Account.
- (f) To the Public Utilities Commission for its passenger rail safety responsibilities specified in statute on commuter rail, intercity rail, and urban rail transit lines.

SEC. 35. Section 99315.5 of the Public Utilities Code is repealed.

SEC. 36. Section 99315.6 of the Public Utilities Code is repealed.

SEC. 37. Section 99318 of the Public Utilities Code is repealed.

SEC. 38. Section 99318.2 of the Public Utilities Code is repealed.

SEC. 39. Section 163 of the Streets and Highways Code is repealed.

SEC. 40. Section 163 is added to the Streets and Highways Code, to read:

163. The Legislature, through the enactment of this section, intends to establish a policy for the use of all transportation funds that are available to the state, including the State Highway Account, the Public Transportation Account, and federal funds. The department and the commission shall prepare fund estimates pursuant to Sections 14524 and 14525 of the Government Code based on the following:

- (a) Annual expenditures for the administration of the department shall be the same as the most recent Budget Act, adjusted for inflation.
- (b) Annual expenditures for the maintenance and operation of the state highway system shall be the same as the most recent Budget Act, adjusted for inflation and inventory.
- (c) Annual expenditure for the rehabilitation of the state highway system shall be the same as the most recent Budget Act, or, if a long-range rehabilitation plan has been enacted pursuant to Section

164.6, it shall be based on planned expenditures in a long-range rehabilitation plan prepared by the department pursuant to Section 164.6.

(d) Annual expenditures for local assistance shall be the amount required to fund local assistance programs required by state or federal law or regulations, including, but not limited to, railroad grade crossing maintenance, bicycle lane account, congestion mitigation and air quality, regional surface transportation programs, local highway bridge replacement and rehabilitation, local seismic retrofit, local hazard elimination and safety, local federal demonstration projects, and local emergency relief.

(e) After deducting expenditures for administration, operation, maintenance, local assistance, safety, and rehabilitation pursuant to subdivisions (a), (b), (c), and (d), and for expenditures pursuant to Section 164.56, the remaining funds shall be available for capital improvement projects to be programmed in the state transportation improvement program.

SEC. 41. Section 164 of the Streets and Highways Code is repealed.

SEC. 42. Section 164 is added to the Streets and Highways Code, to read:

164. (a) Funds made available for transportation capital improvement projects under subdivision (e) of Section 163 shall be programmed and expended for the following program categories:

- (1) Twenty-five percent for interregional improvements.
- (2) Seventy-five percent for regional improvements.

(b) Sixty percent of the funds available for interregional improvements under paragraph (1) of subdivision (a) shall be programmed and expended for improvements to state highways that are specified in Sections 164.10 to 164.20, inclusive, and that are outside the boundaries of an urbanized area with a population of more than 50,000, and for intercity rail improvements.

(c) Not less than 15 percent of the amount of funds programmed under subdivision (b) shall be programmed for intercity rail improvement projects, including separation of grade projects.

(d) Funds made available under paragraph (1) of subdivision (a) shall be used for transportation improvement projects that are needed to facilitate interregional movement of people and goods. The projects may include state highway, intercity passenger rail, mass transit guideway, or grade separation projects.

(e) Funds made available under paragraph (2) of subdivision (a) shall be used for transportation improvement projects that are needed to improve transportation within the region. The projects may include, but shall not be limited to, improving state highways, local roads, public transit, intercity rail, pedestrian, and bicycle facilities, and grade separation, transportation system management, transportation demand management, soundwall projects, intermodal facilities, and safety.

SEC. 43. Section 164.2 of the Streets and Highways Code is repealed.

SEC. 44. Section 164.3 of the Streets and Highways Code is amended to read:

164.3. The interregional road system shall include, and shall be limited to, those routes that are specified in Sections 164.10 to 164.20, inclusive.

SEC. 45. Section 164.4 of the Streets and Highways Code is repealed.

SEC. 46. Section 164.6 is added to the Streets and Highways Code, to read:

164.6. (a) The department shall prepare a 10-year state rehabilitation plan for the rehabilitation and reconstruction, or the combination thereof, of all state highways and bridges owned by the state. The plan shall identify all rehabilitation needs for the 10-year period beginning on July 1, 1998, and ending on June 30, 2008, and shall include a schedule of improvements to complete all needed rehabilitation not later than June 30, 2008. The plan shall be updated every two years beginning in 2000. The plan shall include specific milestones and quantifiable accomplishments, such as miles of highways to be repaved and number of bridges to be retrofitted. The plan shall contain strategies to

control cost and improve the efficiency of the program, and include a cost estimate for at least the first four years of the program.

(b) The plan shall be submitted to the commission for review and comments and shall be transmitted to the Governor and the Legislature not later than May 1, 1998.

(c) The plan shall be the basis for the department's budget request and for the adoption of fund estimates pursuant to Section 163.

SEC. 47. Section 164.35 of the Streets and Highways Code is repealed.

SEC. 48. Section 164.50 of the Streets and Highways Code is repealed.

SEC. 49. Section 164.51 of the Streets and Highways Code is repealed.

SEC. 50. Section 164.52 of the Streets and Highways Code is repealed.

SEC. 51. Section 164.55 of the Streets and Highways Code is repealed.

SEC. 52. Section 164.57 of the Streets and Highways Code is repealed.

SEC. 53. Section 167 of the Streets and Highways Code is amended to read:

167. (a) Funds in the State Highway Account in the State Transportation Fund shall be programmed, budgeted subject to Section 163, and expended to maximize the use of federal funds and shall be based on the following sequence of priorities:

- (1) Operation, maintenance, and rehabilitation of the state highway system.
- (2) Safety improvements where physical changes, other than adding additional lanes, would reduce fatalities and the number and severity of injuries.
- (3) Transportation capital improvements that expand capacity or reduce congestion, or do both.
- (4) Environmental enhancement and mitigation programs.

(b) With respect to the funds in the State Highway Account, in the Public Transportation Account, and in the Passenger Rail Bond Fund, the proposed budget shall be organized on a program basis. The proposed budget shall list the proposed expenditures for the transportation program under the following program elements:

- (1) Administration.
 - (2) Program development.
 - (3) Maintenance.
 - (4) State highway operation and protection.
 - (5) Local assistance.
 - (6) Interregional improvements.
 - (7) Regional improvements.
 - (8) Environmental enhancement and mitigation programs.
- (c) State operations expenditure amounts of the department for interregional and regional transportation improvement projects shall be listed as required by subdivision (b) of Section 14529 of the Government Code, but those amounts other than those for the acquisition of rights-of-way and construction shall not be subject to allocation by the commission.
- (d) To align the annual budget with the adopted state transportation improvement program, the department may submit to the Department of Finance revised capital outlay support and capital outlay budget estimates as part of its May revision process.
- (e) The budget shall not include specific appropriations for specific transportation improvement projects, and the Legislature shall not enact legislation containing specific individual transportation projects.

(f) The basis for defining major and minor capital outlay projects shall be established by the commission.

(g) The Legislative Analyst shall prepare an analysis of the proposed expenditures for each program element as a part of the budget analysis.

SEC. 54. Section 168 of the Streets and Highways Code is repealed.

SEC. 55. Section 182.4 of the Streets and Highways Code is repealed.

SEC. 56. Section 182.5 of the Streets and Highways Code is repealed.

SEC. 57. Section 182.5 is added to the Streets and Highways Code, to read:

182.5. (a) It is the intent of the Legislature that the transition to the new programs and procedures established in the bill enacting this section shall be fair and equitable and minimize disruptions in the delivery of projects. With specific reference to the transition from county minimums to county shares for regional improvement, no project should be counted twice, no project that would be counted under either the old or new procedures should escape being counted in the transition, shares should be sufficient to fund projects programmed in the 1996 State Transportation Improvement Program for the same period, no incentive or reward should be provided for delaying a project, and no incentive or reward should be provided for allocating funds to a project earlier than the year in which the funds are needed for the project.

(b) At the end of the fiscal year ending June 30, 1998, the county minimums and county minimum deficits shall be recalculated under the law as it existed prior to the enactment of the bill adding this section.

(c) Notwithstanding Section 164, there shall be set aside sufficient funding for every project that is included in the 1996 State Transportation Improvement Program. This funding shall be set aside in the fund estimate prior to and in addition to the distribution of funding between programs pursuant to Section 164.

(d) The amount of the cumulative county minimum deficit calculated for any county pursuant to subdivision (b) shall be carried forward as a county share for the 1998 State Transportation Improvement Program, prior to and in addition to the computation of county shares pursuant to subdivision (a) of Section 188.8.

(e) The commission shall not allocate funds for any project unless the commission has programmed the state transportation improvement program in a manner that complies with the requirements of Sections 188, 188.8, and 188.10.

(f) Notwithstanding subdivision (a), for a county within the region defined by Section 66502 of the Government Code where funds were traded in the 1996 State Transportation Improvement Program to another county in that region, the county share for that county for the 1998 State Transportation Improvement Program shall be increased by the amount of the trade in the 1996 State Transportation Improvement Program, as if the share were a county minimum deficit under subdivision (d).

(g) In adopting the 1998 State Transportation Improvement Program, the commission shall, at a minimum, fund all intercity rail projects that are included in the adopted 1996 State Transportation Improvement Program. The amount of funds programmed for each project shall not be less than the amount in the 1996 State Transportation Improvement Program.

(h) The commission, after consulting with the department and the regional planning agencies, shall adopt interim guidelines and procedures relative to fund estimates and project selection in a manner that the first state transportation improvement program, pursuant to the provisions of the act adding this section, is adopted not later than June 1, 1998.

SEC. 58. Section 182.8 of the Streets and Highways Code is repealed.

SEC. 59. Section 188 of the Streets and Highways Code is amended to read:

188. (a) All federal and state funds to be allocated by the commission, or expended by the department, for transportation improvements under Section 164, except for purposes of subdivisions (b) and (c) of that section, shall be programmed during the period commencing on July 1, 1997, and ending on June 30, 2004, and for each four-year period thereafter, 40 percent in County Group No. 1 and 60 percent in County Group No. 2.

(b) This section shall be known and may be cited as the Barnes-Mills-Walsh formula.

SEC. 60. Section 188.8 of the Streets and Highways Code is amended to read:

188.8. (a) From the funds programmed pursuant to Section 188 for regional improvement projects, the commission shall approve programs and program amendments, so that funding is distributed to each county of County Group No. 1 and in each county of County Group No. 2 during the county share periods commencing July 1, 1997, and ending June 30, 2004, and each period of four years thereafter. The amount shall be computed as follows:

(1) The commission shall compute, for the county share periods all of the money to be expended for regional improvement projects in County Groups Nos. 1 and 2, respectively, as provided in Section 188.

(2) From the amount computed for County Group No. 1 in paragraph (1) for the county share periods the commission shall determine the amount of programming for each county in the group based on a formula which is based 75 percent on the population of the county to the total population of County Group No. 1 and 25 percent on state highway miles in the county to the total state highway miles in County Group No. 1.

(3) From the amount computed for County Group No. 2 in paragraph (1) for the county share periods the commission shall determine the amount of programming for each county in the group based on a formula which is based 75 percent on the population of the county to the total population of County Group No. 2 and 25 percent on state highway miles in the county to the total state highway miles in County Group No. 2.

(b) Notwithstanding subdivision (a), that portion of the county population and state highway mileage in El Dorado and Placer Counties that is included within the jurisdiction of the Tahoe Regional Planning Agency shall be counted separately toward the area under the jurisdiction of the Tahoe Regional Transportation Agency and shall not be included in El Dorado and Placer Counties. The commission shall approve programs, program amendments, and fund reservations for the area under the jurisdiction of the Tahoe Regional Transportation Agency which shall be calculated using the formula described in paragraph (2) of subdivision (a).

(c) A transportation planning agency designated pursuant to Section 29532 of the Government Code, or a county transportation commission created by Division 12 (commencing with Section 130000) of the Public Utilities Code, may adopt a resolution to pool its county share programming with any county or counties adopting similar resolutions to consolidate its county shares for two consecutive county share periods into a single share covering both periods. A multicounty transportation planning agency with a population of less than three million may also adopt a resolution to pool the share of any county or counties within its region. The resolution shall provide for pooling the county share programming in any of the pooling counties for the new single share period and shall be submitted to the commission not later than May 1 immediately preceding the commencement of the county share period.

(d) For the purposes of this section, funds programmed shall include the following costs pursuant to subdivision (b) of Section 14529 of the Government Code:

(1) The amounts programmed or budgeted for both components of project development in the original programmed year.

(2) The amount programmed for right-of-way in the year programmed in the most recent state transportation improvement program. If the final estimate is greater than 120 percent of the amount

originally programmed, the amount shall be adjusted for final expenditure estimates at the time of right-of-way certification.

(3) The engineer's final estimate of project costs, including construction engineering, presented to the commission for approval pursuant to Section 14533 of the Government Code in the year programmed in the most recent state transportation improvement program.

(4) Project costs shown in the program, as amended, where project allocations have not yet been approved by the commission, escalated to the date of scheduled project delivery.

(e) Project costs shall not be changed to reflect any of the following:

(1) Differences that are within 20 percent of the amount programmed for actual project development cost.

(2) Actual right-of-way purchase costs.

(3) Construction contract award amounts.

(4) Changes in construction expenditures.

(f) For the purposes of this section, the population in each county is that determined by the last preceding federal census, or a subsequent census validated by the Population Research Unit of the Department of Finance, at the beginning of each county share period.

(g) For the purposes of this section, "state highway miles" means the miles of state highways open to vehicular traffic at the beginning of each county share period.

(h) It is the intent of the Legislature that there is to be flexibility in programming under this section and Section 188 so that, while ensuring that each county will receive an equitable share of state transportation improvement program funding, the types of projects selected and the programs from which they are funded may vary from county to county.

(i) Commencing with the four-year period commencing on July 1, 2004, individual county share shortfalls and surpluses at the end of each four-year period, if any, shall be carried forward and credited or debited to the following four years.

(j) The commission, with the consent of the department, may consider programming projects in the state transportation improvement program in a region with a population of not more than 1,000,000 at a level higher or lower than a county share, when the regional agency either asks to reserve part or all of its share until a future programming year, to build up a larger share for a higher cost project, or asks to advance an amount of the share, in an amount not to exceed 200 percent of its current share, for a larger project, to be deducted from shares for future programming years. After consulting with the department, the commission may adjust the level of programming in the regional program in the affected region against the level of interregional programming in the improvement program to accomplish the reservation or advancement, for the current state transportation improvement program. The commission shall keep track of any resulting shortfalls or surpluses in county shares.

(k) Notwithstanding subdivision (a), in a region defined by Section 66502 of the Government Code, the transportation planning agency may adopt a resolution to pool the county share of any county or counties within the region, provided that each county shall receive no less than 85 percent and not more than 115 percent of its county share for a single county share period and 100 percent of its county share over two consecutive county share periods. The resolution shall be submitted to the commission not later than May 1, immediately preceding the commencement of the county share period.

(l) Federal funds used for federal demonstration projects that use federal funds that would otherwise be available to the state shall be subtracted from the county share of the county where the project is located.

SEC. 61. Section 188.9 of the Streets and Highways Code is repealed.

SEC. 62. Section 188.10 is added to the Streets and Highways Code, to read:

188.10. (a) The commission, with assistance from the department and regional agencies, shall maintain a long-term balance of shares, shortfalls, and surpluses for regional improvement programs.

(b) The balance shall include all of the following:

(1) Shares from the fund estimate for each state transportation improvement program pursuant to Section 14525 of the Government Code.

(2) Amounts programmed in each state transportation improvement program pursuant to Section 14529 of the Government Code.

(3) Surpluses or shortfalls due to reservations or advancements pursuant to subdivision (i) of Section 188.8.

(4) Amounts deducted or added because of changes in project development costs or a cost increase or savings in the final engineering estimate or the final right-of-way certification estimate at the time of allocation for construction, pursuant to subdivisions (d) and (e) of Section 188.8.

(5) Any supplemental project allocations during or following construction.

(6) Amounts deducted or added because of amendments to the state transportation improvement program that add, delete, or change the scope and cost of regional improvement projects, pursuant to Section 14531 of the Government Code.

(c) The balance through the preceding fiscal year shall be made available for review by all regional agencies at the time of each fund estimate, and by not later than August 15 of each year.

(d) The commission, through the fund estimate, shall restore for the next state transportation improvement program the interregional improvement program level specified in subdivision (a) of Section 164.

SEC. 63. Section 199 of the Streets and Highways Code is repealed.

SEC. 64. Section 199.1 of the Streets and Highways Code is repealed.

SEC. 65. Section 199.2 of the Streets and Highways Code is repealed.

SEC. 66. Section 199.3 of the Streets and Highways Code is repealed.

SEC. 67. Section 199.4 of the Streets and Highways Code is repealed.

SEC. 68. Section 199.6 of the Streets and Highways Code is repealed.

SEC. 69. Section 199.7 of the Streets and Highways Code is repealed.

SEC. 70. Section 199.8 of the Streets and Highways Code is repealed.

SEC. 71. Section 199.9 of the Streets and Highways Code is repealed.

SEC. 72. Section 199.10 of the Streets and Highways Code is repealed.

SEC. 73. Section 199.11 of the Streets and Highways Code is repealed.

SEC. 74. Section 2600 of the Streets and Highways Code is repealed.

SEC. 75. Section 2601 of the Streets and Highways Code is amended to read:

2601. (a) For purposes of this chapter:

(1) "Applicant" means a city, a county, or any local entity that is authorized to impose taxes or fees and that has responsibility for constructing highways or exclusive public mass transit guideways.

(2) "Eligible project" means a local road, a state highway, or an exclusive public mass transit guideway improvement project that meets all of the following conditions:

(A) Upon completion of the project, it would constitute a usable segment that would increase the capacity of the highway or guideway or would extend service to new areas, or, in the case of a local road rehabilitation project, it would extend the useful life of the roadway by at least 10 years.

(B) The applicant has committed, or is capable of committing, to pay the local share from its local fund to complete the project.

(C) The project is not receiving any other state funds.

(D) The applicant has completed, or is capable of completing, all project development work so that the contracts for the project can be awarded within two years of the date that the project was submitted to the department pursuant to subdivision (a) of Section 2602.

(E) Improvements to state highways are consistent with state and federal standards, are designed to minimize long-term maintenance costs, and are approved by the department.

(3) "Local fund" means revenues from any locally imposed tax or fee.

(4) "Local share" means the total cost of completing the project, less any state matching funds applied for through this partnership program and any federal funds.

(5) "State share" means the amount of state funds applied for and in no case shall it exceed local share. The state share is not subject to the requirements of Sections 188 and 188.8.

(b) This section shall remain in effect only until July 1, 1999, and as of that date is repealed, unless a later enacted statute, which is enacted on or before July 1, 1999, deletes or extends that date.

SEC. 76. Section 2602 of the Streets and Highways Code is amended to read:

2602. (a) The state-local transportation partnership program shall be implemented by the department and the applicants under the following procedures:

(1) Applicants shall submit applications for eligible projects to the department not later than June 30.

(2) The department shall review the applications for consistency with the requirements of this chapter and shall compile a preliminary list of all eligible projects not later than September 30 of the year in which the application was submitted.

(3) (A) If the total state share for eligible projects exceeds the amount specified in the Governor's proposed budget, the department shall compute the preliminary pro rata share of state funds to be available so that each eligible project would receive the same ratio of state share to local share. Not later than April 1 of the following year, the department shall advise the applicants of the preliminary pro rata share of state funds to be available.

(B) Not later than June 15 of the following year, each applicant shall inform the department whether or not it can proceed with the project with the lower state share and meet the project development completion requirements specified in subparagraph (D) of paragraph (2) of subdivision (a) of Section 2601.

(C) Upon the enactment of the annual Budget Act, the department shall compile a new list of eligible projects consisting of those projects that were included in the original list that the applicant has indicated it can proceed with a lower state share and for which the applicant has indicated it can still meet the delivery requirements pursuant to subparagraph (D) of paragraph (2) of subdivision (a) of Section 2601.

(D) Based on the amount of the appropriation contained in the annual Budget Act, the department shall compute the final pro rata state share so that each project on the new list would receive the same ratio of state share to local share.

(E) Within 30 days of the enactment of the annual Budget Act, the department shall report to the Legislature on the projects being funded through this program and the ratio of state share to local share.

(4) The Legislature intends to appropriate two hundred fifty million dollars (\$250,000,000) by June 30, 1990, two hundred fifty million dollars (\$250,000,000) by June 30, 1991, and two hundred million dollars (\$200,000,000) by June 30 of each year thereafter for this program.

(5) Construction contracts for projects on the eligibility list established pursuant to paragraph (2) or (3) shall be let not later than June 30 of the fiscal year for which funds are appropriated pursuant to paragraph (4).

(6) Beginning with projects funded through appropriations made by the Budget Act of 1992, applications shall not be accepted for any project within the boundaries of a project subject to, but for which contracts were not let in accordance with, paragraph (5), for a period of three fiscal years following the fiscal year in which the applicant's notification of intent to proceed under subparagraph (B) of paragraph (3) was submitted.

(7) The funds appropriated shall be expended not later than June 30 of the fourth year following the appropriation.

(8) Notwithstanding paragraphs (5) and (6), any project in Orange County for which a construction contract would otherwise have been required to be let by June 30, 1995, may be let until, but not later than, June 30, 1996.

(9) Notwithstanding paragraphs (5) and (6), any project in Santa Barbara County for which a construction contract would otherwise have been required to be let by June 30, 1995, may be let until, but not later than, December 31, 1996.

(10) The Lakeville Highway widening project (State Route 116 from Caulfield Lane to the Petaluma city limit), and the Mare Island Way/Wilson Avenue Cycle 6 improvement project in the City of Vallejo, for which a construction contract would otherwise have been required to be let by June 30, 1996, may be let until, but not later than, June 30, 1997.

(11) Notwithstanding paragraphs (5) and (6), any project in Siskiyou County for which a construction contract would otherwise have been required to be let by June 30, 1997, may be let until, but not later than, June 30, 1999.

(b) This section shall remain in effect only until July 1, 1999, and as of that date is repealed, unless a later enacted statute, which is enacted on or before July 1, 1999, deletes or extends that date.

SEC. 77. Section 2602.1 of the Streets and Highways Code is amended to read:

2602.1. (a) Notwithstanding Section 2602, for the 1990-91 fiscal year only, funding for the state-local transportation partnership program shall be implemented as follows:

(1) Any project which was included in the list of eligible projects compiled by the department as of April 1, 1990, may be withdrawn by the applicant for funding during the 1990-91 fiscal year and resubmitted not later than July 31, 1990, for funding in the 1991-92 fiscal year.

(2) The department shall recompute the pro rata share of state funding for projects that remain on the list on August 1, 1990, based upon the amount appropriated for the program for the 1990-91 fiscal year, so that each eligible project will receive the same ratio of state share to local share.

(3) Not later than September 1, 1990, the department shall notify the Legislature of the ratio of state share to local share computed pursuant to paragraph (2).

(4) With respect to any project which was withdrawn and resubmitted by July 31, 1990, pursuant to paragraph (1), the department shall, as nearly as possible, administer and implement the program for the 1990-91 fiscal year in accordance with the procedure prescribed by this section, as if this section had been in effect on that date.

(b) This section shall remain in effect only until January 1, 1999, and as of that date is repealed, unless a later enacted statute, which is enacted on or before January 1, 1999, deletes or extends that date.

SEC. 78. Section 3.5 of this bill incorporates amendments to Section 14524 of the Government Code proposed by both this bill and AB 87. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 1998, (2) each bill amends Section 14524 of the Government Code, and (3) this bill is enacted after AB 87, in which case Section 3 of this bill shall not become operative.

SEC. 79. Section 5.5 of this bill incorporates amendments to Section 14525 of the Government Code proposed by both this bill and AB 87. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 1998, (2) each bill amends Section 14525 of the Government Code, and (3) this bill is enacted after AB 87, in which case Section 5 of this bill shall not become operative.